Rea & associates a brighter way

Carrollton Exempted Village School District

Carroll County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2018

CPAs and business consultants
www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

Board of Education
Carrollton Exempted Village School District
252 3rd Street NE
Carrollton, Ohio 44615

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2019

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Rea & associates a brighter way

December 21, 2018

To the Board of Education
Carrollton Exempted Village School District
Carroll County, Ohio
252 3rd Street NE
Carrollton, OH 44615

Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Carrollton Exempted Village School District, Carroll 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 2, the School District restated the net position balance to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School District's Proportionate Share of the Net Pension Liability*, the *Schedule of School District Contributions - Pension*, the *Schedule of the School District's Proportionate Share of the Net OPEB Liability*, and the *Schedule of School District Contributions - OPEB* on pages 5–15, 68, 69-70, 72, and 73–74, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

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The discussion and analysis of the Carrollton Exempted Village 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 $16,675,665 which represents a 282 percent increase from 2017 restated net position.

- Capital assets increased $15,066,211 during fiscal year 2018. This was a result of the Ohio Facilities Construction Commission (OFCC) new middle and high school building project that began during fiscal year 2017.

- During the fiscal year, outstanding debt decreased from $24,104,498 to $23,435,129 primarily due to principal payments made by the School District.

- The School District implemented GASB 75, which reduced beginning net position as previously reported by $6,358,807.

- 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 Carrollton Exempted Village 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 Carrollton Exempted Village School District, the general and the classroom facilities funds are 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 analysis of major funds begins on page 13. 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 and classroom facilities funds.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 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 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. 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	$ 63,836,521	$ 72,037,117
Capital Assets	25,769,478	10,703,267
Total Assets	89,605,999	82,740,384
Deferred Outflows of Resources		
Pension and OPEB	7,914,958	5,808,399
Liabilities		
Current and Other Liabilities	5,805,710	3,320,379
Long-Term Liabilities:		
Due Within One Year	874,425	849,586
Due in More Than One Year		
Net Pension Liability	23,181,016	31,395,630
Net OPEB Liability	5,122,208	6,400,367
Other Amounts	24,737,632	25,397,848
Total Liabilities	59,720,991	67,363,810
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year	11,620,898	13,134,021
Pension and OPEB	2,299,314	846,863
Payment in Lieu of Taxes	1,300,375	1,300,375
Total Deferred Inflows of Resources	15,220,587	15,281,259
Net Position		
Net Investment in Capital Assets	12,717,031	6,959,452
Restricted	16,373,108	20,115,709
Unrestricted	(6,510,760)	(21,171,447)
Total Net Position	$ 22,579,379	$ 5,903,714

The net pension liability (NPL) is the largest single liability 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 $12,262,521 to $5,903,714.

At year end, capital assets represented 29 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and building improvements, improvements other than buildings, furniture and fixtures, machinery and equipment, and vehicles. The net investment in capital assets was $12,717,031 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.

A portion of the School District's net position, $16,373,108 represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit balance of $6,510,760, which was primarily caused by GASB 68 and GASB 75.

Total assets increased $6,865,615 due to an increase in non-depreciable capital assets of $14,908,584 related to construction in progress offset by a decrease of $8,200,596 in current assets. The decrease in current assets is primarily due to a decrease in the intergovernmental receivable for the OFCC grant related to the continued construction of the 6^{th} through 12^{th} grade school building.

Current liabilities increased $2,485,331 primarily due to an increase in contracts payable.

Equity in pooled cash and investments increased $5,450,696 due to general fund operations and proceeds from OFCC draws as compared to the timing of costs paid. Investments in segregated account decreased $7,590,338 due to construction expenditures for the new building.

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.

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

	Governmental Activities	
	2018	2017
Revenues		
Program Revenues:		
Charges for Services	$ 1,313,726	$ 1,240,912
Operating Grants	2,194,175	2,658,227
Total Program Revenues	3,507,901	3,899,139
General Revenues:		
Property Taxes	14,767,382	12,985,289
Grants and Entitlements Not Restricted	11,541,879	11,551,778
Grants and Entitlements - OFCC	0	15,462,591
Payments in Lieu of Taxes	1,300,375	1,300,375
Other	750,557	437,808
Total General Revenues	28,360,193	41,737,841
Total Revenues	31,868,094	45,636,980
Program Expenses		
Instruction:		
Regular	4,322,838	9,634,168
Special	2,242,386	3,719,009
Vocational	47,591	184,714
Student Intervention Services	12,013	12,071
Other	355,903	516,287
Support Services:		
Pupils	1,075,575	1,800,480
Instructional Staff	314,211	433,273
Board of Education	12,354	410
Administration	731,899	1,728,078
Fiscal	645,713	725,963
Business	140,702	119,103
Operation and Maintenance of Plant	1,380,858	1,922,457
Pupil Transportation	1,489,088	1,613,362
Central	135,774	135,947
Operation of Non-Instructional Services:		
Food Service Operations	929,587	977,455
Community Services	3,866	7,072
Other	33,201	26,944
Extracurricular Activities	627,655	717,207
Debt Service:		
Interest and Fiscal Charges	691,215	596,235
Issuance Costs	0	708,846
Total Expenses	15,192,429	25,579,081
Increase (Decrease) in Net Position	16,675,665	20,057,899

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $41,560 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 $846,044. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75	$	15,192,429
Negative OPEB Expense under GASB 75		846,044
2018 Contractually Required Contribution		53,528
Adjusted 2018 Program Expenses		16,092,001
Total 2017 Program Expenses under GASB 45		25,579,081
Decrease in Program Expenses not Related to OPEB	$	(9,487,080)

The decrease in grants and entitlements-OFCC is due to the Ohio Facilities Construction Commission grant awarded to the School District during fiscal year 2017. The increase in property tax revenue can be attributed to an increase in the amount available for advance. Operating grants decreased by $464,052 primarily due to decreases in state grants for programs and state foundation in relation to special education funding.

Debt service expenses decreased due to issuance costs related to the issuance of bonds during fiscal year 2017.

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

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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.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2018	2017	2018	2017
Instruction:				
Regular	$ 4,322,838	$ 9,634,168	$ 3,544,081	$ 8,855,318
Special	2,242,386	3,719,009	837,819	1,961,893
Vocational	47,591	184,714	(38,042)	144,353
Student Intervention Services	12,013	12,071	12,013	12,071
Other	355,903	516,287	323,346	458,061
Support Services:				
Pupils	1,075,575	1,800,480	1,075,575	1,731,533
Instructional Staff	314,211	433,273	314,211	405,087
Board of Education	12,354	410	12,354	410
Administration	731,899	1,728,078	678,227	1,675,493
Fiscal	645,713	725,963	645,713	725,963
Business	140,702	119,103	140,702	119,103
Operation and Maintenance of Plant	1,380,858	1,922,457	1,371,858	1,913,457
Pupil Transportation	1,489,088	1,613,362	1,470,948	1,606,451
Central	135,774	135,947	135,774	135,947
Operation of Non-Instructional Services:				
Food Service Operations	929,587	977,455	19,847	118,892
Community Services	3,866	7,072	3,866	992
Other	33,201	26,944	33,201	5,815
Extracurricular Activities	627,655	717,207	411,820	504,022
Debt Service:				
Interest and Fiscal Charges	691,215	596,235	691,215	596,235
Issuance Costs	0	708,846	0	708,846
Total Expenses	$ 15,192,429	$ 25,579,081	$ 11,684,528	$ 21,679,942

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. Nearly 77 percent of governmental activities are supported through taxes and other general revenues; such revenues are 89 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.

The general fund's net change in fund balance for fiscal year 2018 was an increase of $3,842,800. This increase can mostly be attributed to an increase in property and other local taxes due to the timing of tax receipts coupled with an overall reduction in expenditures.

The classroom facilities fund's net change in fund balance for fiscal year 2018 was a decrease of $6,870,141. This was primarily caused by the timing of expenditures for ongoing projects as compared to the draw down of OFCC funds.

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.

Final expenditure appropriations of $24,919,584 were $1,223,929 higher than original appropriations of $23,695,655, primarily due to increased budgeted expenditures for capital outlay and special instruction.

Final budget basis revenues of $26,544,325 were $984,235 higher than original budget basis revenues of $25,560,000, primarily due to an increase in property tax and intergovernmental revenue estimates which were based on prior year actuals.

There were no significant variances to discuss within other financing sources and uses, or between final budget and actual figures.

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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $25,769,478 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	2017
Land	$ 112,325	$ 112,325
Construction in Progress	17,212,454	2,303,870
Land Improvements	656,812	745,607
Buildings and Building Improvements	5,445,979	5,337,492
Improvements Other Than Buildings	69,251	72,966
Furniture and Fixtures	110,083	124,363
Machinery and Equipment	900,767	881,987
Vehicles	1,261,807	1,124,657
Totals	$ 25,769,478	$ 10,703,267

The $15,066,211 increase in capital assets was attributable to additional purchases and construction in progress exceeding current year depreciation and disposals. This was primarily a result of the School District's OFCC project, which began in 2017. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2018, the School District had $23,435,129 in debt outstanding. See Note 13 for additional details. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2018	2017
General Obligation Bonds	$ 12,072,117	$ 12,546,475
Certificates of Participation	11,363,012	11,558,023
Total	$ 23,435,129	$ 24,104,498

Current Issues

The Carrollton Exempted Village School District does not receive strong support from the residents of the School District in the form of local taxes. The School District currently has an effective millage rate of 20 mills, which is the lowest allowed by law. The last operating levy passed by the residents was in 1977. From 1997 to 1999, numerous bond issues and one permanent levy were all voted down by approximately 60 percent. An emergency levy of $1,750,000 (5.3) mills was attempted in May 2013, and again in November 2013. They too, ended in the same 60 percent margin of defeat.

In 2015, the School District received its first of 30 "Payment in Lieu of Taxes" from Carroll County Energy, who was building a natural gas fueled electric generating plant. The amount of $1.3 million was credited to the General Fund. The following 29 annual payments will be used solely to repay the related debt for the construction of a new 6-12 school building.

As far as oil and natural gas activity, the Carroll County Auditor report dated December 2017, indicated a reduction in total mineral valuation. The associated revenue loss is approximately $600,000 from the previous year. We await the December 2018 report that will show the new valuation totals for oil and gas production, along with the new added valuation and associated revenue from pipelines recently put into service.

The Carrollton Exempted Village School District does not anticipate any growth in State revenue. The State budget for fiscal years 2018 and 2019 indicates that the School District will be on the Transitional Aid Guarantee. We currently receive $5.0 million in Guarantee money. Although the Guarantee protects against heavy State revenue loss, receiving this aid means that State revenue will not increase, while costs continue to increase.

All scenarios require management to plan carefully and prudently in order to provide all the resources required to meet student and operational needs over the next several years. Particular attention to State funding legislation will be critical, as talk of phasing out Transitional Aid Guarantee funds will be considered. The expectation is that the unprecedented gas and oil activity in the area will keep the District financially healthy, as long as the State does not pull back funds because of our brighter local tax collections.

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 Roxanne Mazur, Treasurer of Carrollton Exempted Village School District, 252 Third St. NE, Carrollton, Ohio 44615 or email roxanne.mazur@carrolltonschools.org.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Net Position
June 30, 2018

		Governmental Activities
Assets		
Equity in Pooled Cash and Investments	$	34,822,399
Cash and Cash Equivalents with Fiscal Agent		5,377,212
Investments in Segregated Accounts		5,628,165
Receivables:		
Accounts		63,231
Intergovernmental		3,041,748
Payment in Lieu of Taxes		1,300,375
Property Taxes		13,603,391
Nondepreciable Capital Assets		17,324,779
Depreciable Capital Assets (Net)		8,444,699
Total Assets		89,605,999
Deferred Outflows of Resources		
Pension		7,570,433
OPEB		344,525
Total Deferred Outflows of Resources		7,914,958
Liabilities		
Accounts Payable		21,938
Accrued Wages and Benefits		1,540,572
Contracts Payable		3,190,440
Intergovernmental Payable		321,140
Accrued Vacation Leave Payable		37,225
Accrued Interest Payable		58,136
Claims Payable		247,677
Unearned Revenue		388,582
Long Term Liabilities:		
Due Within One Year		874,425
Due In More Than One Year:		
Net Pension Liability (See Note 10)		23,181,016
Net OPEB Liability (See Note 11)		5,122,208
Other Amonts Due in More Than One Year		24,737,632
Total Liabilities		59,720,991
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year		11,620,898
Pension		1,617,762
OPEB		681,552
Payment in Lieu of Taxes for the Next Year		1,300,375
Total Deferred Inflows of Resources		15,220,587
Net Position		
Net Investment in Capital Assets		12,717,031
Restricted For:		
Capital Outlay		16,185,261
Debt Service		58,653
Other Purposes		129,194
Unrestricted		(6,510,760)
Total Net Position	$	22,579,379

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 4,322,838	$ 700,569	$ 78,188	$ (3,544,081)
Special	2,242,386	95,775	1,308,792	(837,819)
Vocational	47,591	0	85,633	38,042
Student Intervention Services	12,013	0	0	(12,013)
Other	355,903	0	32,557	(323,346)
Support Services:				
Pupils	1,075,575	0	0	(1,075,575)
Instructional Staff	314,211	0	0	(314,211)
Board of Education	12,354	0	0	(12,354)
Administration	731,899	0	53,672	(678,227)
Fiscal	645,713	0	0	(645,713)
Business	140,702	0	0	(140,702)
Operation and Maintenance of Plant	1,380,858	0	9,000	(1,371,858)
Pupil Transportation	1,489,088	2,130	16,010	(1,470,948)
Central	135,774	0	0	(135,774)
Operation of Non-Instructional Services:				
Food Service Operations	929,587	311,802	597,938	(19,847)
Community Services	3,866	0	0	(3,866)
Other	33,201	0	0	(33,201)
Extracurricular Activities	627,655	203,450	12,385	(411,820)
Debt Service:				
Interest and Fiscal Charges	691,215	0	0	(691,215)
Total	$ 15,192,429	$ 1,313,726	$ 2,194,175	(11,684,528)

General Revenues	
Property Taxes Levied for:	
General Purposes	14,767,382
Grants and Entitlements Not Restricted to Specific Programs	11,541,879
Payment in Lieu of Taxes	1,300,375
Gain on Sale of Capital Assets	9,000
Investment Earnings	392,855
Miscellaneous	348,702
Total General Revenues	28,360,193
Change in Net Position	16,675,665
Net Position Beginning of Year (Restated)	5,903,714
Net Position End of Year	$ 22,579,379

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 12,611,297	$ 16,454,952	$ 5,756,150	$ 34,822,399
Investments in Segregated Accounts	0	5,628,165	0	5,628,165
Receivables:				
Accounts	62,579	0	652	63,231
Intergovernmental	10,501	2,876,168	155,079	3,041,748
Payment in Lieu of Taxes	0	0	1,300,375	1,300,375
Property Taxes	13,603,391	0	0	13,603,391
Total Assets	$ 26,287,768	$ 24,959,285	$ 7,212,256	$ 58,459,309
Liabilities				
Accounts Payable	$ 18,443	$ 0	$ 3,495	$ 21,938
Accrued Wages and Benefits	1,412,778	0	127,794	1,540,572
Contracts Payable	0	2,865,215	325,225	3,190,440
Intergovernmental Payable	305,664	0	15,476	321,140
Total Liabilities	1,736,885	2,865,215	471,990	5,074,090
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	11,620,898	0	0	11,620,898
Unavailable Revenue	249,172	2,876,168	54,976	3,180,316
Payment in Lieu of Taxes for the Next Year	0	0	1,300,375	1,300,375
Total Deferred Inflows of Resources	11,870,070	2,876,168	1,355,351	16,101,589
Fund Balances				
Restricted	0	19,217,902	5,400,287	24,618,189
Assigned	3,161,984	0	0	3,161,984
Unassigned	9,518,829	0	(15,372)	9,503,457
Total Fund Balances	12,680,813	19,217,902	5,384,915	37,283,630
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 26,287,768	$ 24,959,285	$ 7,212,256	$ 58,459,309

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$ 37,283,630
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.		25,769,478
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	$ 2,941,645	
Property Taxes	238,671	3,180,316
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.		4,740,953
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(58,136)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	7,570,433	
Deferred Outflows - OPEB	344,525	
Deferred Inflows - Pension	(1,617,762)	
Deferred Inflows - OPEB	(681,552)	
Net Pension Liability	(23,181,016)	
Net OPEB Liability	(5,122,208)	(22,687,580)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
School Improvement Bonds	(12,072,117)	
Bond Premium	(1,191,764)	
Bond Discount	304,670	
Certificates of Participation	(11,363,012)	
Vacations Payable	(37,225)	
Compensated Absences	(1,289,834)	(25,649,282)
Net Position of Governmental Activities		$ 22,579,379

See accompanying notes to the basic financial statements.

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

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	$ 14,796,105	$ 0	$ 0	$ 14,796,105
Payments in Lieu of Taxes	0	0	1,300,375	1,300,375
Intergovernmental	12,156,399	6,695,481	1,584,967	20,436,847
Investment Income	44,194	285,059	0	329,253
Tuition and Fees	790,049	0	0	790,049
Extracurricular Activities	12,622	0	130,140	142,762
Charges for Services	8,425	0	311,803	320,228
Contributions and Donations	40,936	0	12,924	53,860
Miscellaneous	306,794	0	67,756	374,550
Total Revenues	28,155,524	6,980,540	3,407,965	38,544,029
Expenditures				
Current:				
Instruction:				
Regular	10,127,165	0	76,954	10,204,119
Special	3,389,964	0	727,535	4,117,499
Vocational	157,125	0	1,349	158,474
Student Intervention Services	12,013	0	0	12,013
Other	417,028	0	34,033	451,061
Support Services:				
Pupils	1,913,695	0	0	1,913,695
Instructional Staff	418,314	0	0	418,314
Board of Education	12,354	0	0	12,354
Administration	1,639,471	0	54,122	1,693,593
Fiscal	685,677	14,288	0	699,965
Business	104,055	0	0	104,055
Operation and Maintenance of Plant	1,756,173	12,883	9,000	1,778,056
Pupil Transportation	1,843,902	0	0	1,843,902
Central	135,774	0	0	135,774
Extracurricular Activities	669,519	0	213,218	882,737
Operation of Non-Instructional Services:				
Food Service Operations	5,065	0	1,025,935	1,031,000
Community Services	2,792	0	0	2,792
Other	31,189	0	0	31,189
Capital Outlay	255,264	13,823,510	811,778	14,890,552
Debt Service:				
Principal Retirement	164,369	0	505,000	669,369
Interest and Fiscal Charges	9,471	0	737,225	746,696
Total Expenditures	23,750,379	13,850,681	4,196,149	41,797,209
Excess of Revenues Over (Under) Expenditures	4,405,145	(6,870,141)	(788,184)	(3,253,180)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	6,325	0	0	6,325
Transfers In	0	0	568,670	568,670
Transfers Out	(568,670)	0	0	(568,670)
Total Other Financing Sources (Uses)	(562,345)	0	568,670	6,325
Net Change in Fund Balance	3,842,800	(6,870,141)	(219,514)	(3,246,855)
Fund Balances Beginning of Year	8,838,013	26,088,043	5,604,429	40,530,485
Fund Balances End of Year	$ 12,680,813	$ 19,217,902	$ 5,384,915	$ 37,283,630

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll 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		$ (3,246,855)
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	$ 15,626,962	
Current Year Depreciation	(559,891)	15,067,071
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.		(860)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(28,723)	
Intergovernmental	(6,680,552)	(6,709,275)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	474,358	
Certificate of Participation	195,011	669,369
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,709,189	
OPEB	53,528	1,762,717
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	7,538,120	
OPEB	846,044	8,384,164
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	556	
Amortization of Premium on Bonds	66,209	
Amortization of Discount	(11,284)	55,481
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 the governmental activities.		789,325
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	(88,917)	
Vacations Payable	(6,555)	(95,472)
Change in Net Position of Governmental Activities		$ 16,675,665

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll 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 Over
	Original	Final	Actual	(Under)
Revenues				
Property and Other Local Taxes	$ 13,000,000	$ 13,337,781	$ 13,337,781	$ 0
Intergovernmental	11,683,500	12,238,868	12,236,139	(2,729)
Investment Income	31,725	107,150	107,795	645
Tuition and Fees	732,775	798,448	790,049	(8,399)
Charges for Services	0	8,425	8,425	0
Contributions and Donations	98,000	35,200	35,200	0
Miscellaneous	14,000	18,363	18,363	0
Total Revenues	25,560,000	26,544,235	26,533,752	(10,483)
Expenditures				
Current:				
Instruction:				
Regular	10,327,426	10,357,725	10,254,651	103,074
Special	3,286,051	3,923,570	3,461,964	461,606
Vocational	200,729	200,729	161,339	39,390
Student Intervention Services	5,629	5,629	12,013	(6,384)
Other	482,687	482,687	406,743	75,944
Support Services:				
Pupils	1,964,016	1,986,010	2,212,074	(226,064)
Instructional Staff	417,762	472,949	423,833	49,116
Board of Education	19,454	19,454	15,437	4,017
Administration	1,741,716	1,741,716	1,676,887	64,829
Fiscal	736,272	736,272	688,524	47,748
Business	88,688	88,688	114,321	(25,633)
Operation and Maintenance of Plant	1,863,984	1,863,984	1,829,691	34,293
Pupil Transportation	1,730,086	1,730,086	2,072,991	(342,905)
Central	145,685	145,685	135,774	9,911
Extracurricular Activities	511,630	511,630	661,631	(150,001)
Operation of Non-Instructional Services:				
Food Service Operations	0	0	5,065	(5,065)
Community Services	0	0	2,792	(2,792)
Capital Outlay	0	482,310	499,149	(16,839)
Debt Service:				
Principal Retirement	164,363	164,369	164,369	0
Interest and Fiscal Charges	9,477	6,091	9,471	(3,380)
Total Expenditures	23,695,655	24,919,584	24,808,719	110,865
Excess of Revenues Over (Under) Expenditures	1,864,345	1,624,651	1,725,033	100,382
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	6,325	6,325	0
Refund of Prior Year Expenditures	125,000	428,378	428,378	0
Advances In	1,000,000	701,082	701,082	0
Transfers In	0	86,732	0	(86,732)
Advances Out	(1,000,000)	(1,000,000)	(701,082)	298,918
Transfers Out	(340,000)	(655,402)	(568,670)	86,732
Total Other Financing Sources (Uses)	(215,000)	(432,885)	(133,967)	298,918
Net Change in Fund Balance	1,649,345	1,191,766	1,591,066	399,300
Fund Balance Beginning of Year	9,732,776	9,732,776	9,732,776	0
Prior Year Encumbrances Appropriated	612,550	612,550	612,550	0
Fund Balance End of Year	$ 11,994,671	$ 11,537,092	$ 11,936,392	$ 399,300

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	$ 5,377,212
Liabilities	
Current Liabilities	
Claims Payable	247,677
Unearned Revenue	388,582
Total Current Liabilities	636,259
Net Position	
Unrestricted	$ 4,740,953

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll 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	$	4,578,000
Operating Expenses		
Purchased Services		332,652
Claims		3,483,038
Total Operating Expenses		3,815,690
Operating Income (Loss)		762,310
Non-Operating Revenues (Expenses)		
Interest		27,015
Change in Net Position		789,325
Net Position Beginning of Year		3,951,628
Net Position End of Year	$	4,740,953

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll 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 Customers	$ 4,583,482
Cash Paid for Goods and Services	(332,652)
Cash Paid for Claims	(3,414,193)
Net Cash Provided By (Used For) Operating Activities	836,637
Cash Flows From Investing Activities	
Interest on Investments	27,015
Net Increase (Decrease) in Cash and Cash Equivalents	863,652
Cash and Cash Equivalents, Beginning of Year	4,513,560
Cash and Cash Equivalents, End of Year	$ 5,377,212
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	$ 762,310
Increase in Liabilities/Deferred Inflows of Resources:	
Claims Payable	68,845
Unearned Revenue	5,482
Total Adjustments	74,327
Net Cash Provided By (Used For) Operating Activities	$ 836,637

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 0	$ 51,552
Liabilities		
Due to Students	0	$ 51,552
Net Position		
Held in Trust for Scholarships	$ 0	

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll 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	$ 5,420
Deductions	
Payments in Accordance with Trust Agreements	42,107
Change in Net Position	(36,687)
Net Position Beginning of Year	36,687
Net Position End of Year	$ 0

See accompanying notes to the basic financial statements.

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1867 with the construction of a six-room school house. The School District serves an area of approximately 289 square miles. It is located in Carroll County and includes all of the Village of Carrollton. The School District is the 204th largest in the State of Ohio (among 611 school districts) in terms of enrollment. The School District currently operates five instructional buildings, one administrative building, and one bus garage.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the 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 deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a jointly governed organization. This organization is presented in Note 16. The School District also participates in the Jefferson Health Plan, a public entity risk management, insurance and claims servicing pool. This organization is presented in Note 9.

Note 2 - Summary of Significant Accounting Policies

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

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 fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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. Nonmajor 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.

Classroom Facilities Fund The classroom facilities fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

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 Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service 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 medical and prescription benefits.

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. The School District's only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund accounts for student activities.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets 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.

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and 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 internal service fund activity.

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 and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 nonexchange 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 10 and 11.

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, payments in lieu of 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 intergovernmental 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 10 and 11).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Investments " on the financial statements. The School District participates in the Jefferson Health Plan insurance consortium for self-insurance. These monies are held separate from the School District’s central bank account and are reflected in the financial statement as “Cash and Cash Equivalents with Fiscal Agent.”

The School District issued School Improvement Bonds and Certificates of Participation in July 2016 as described in Note 13. The unspent proceeds relating to this issuance are held in investment accounts, as described in Note 5, and presented on the financial statements as "Investments in Segregated Accounts".

During fiscal year 2018, investments were limited to STAR Ohio, (the State Treasurer's Investment Pool), certificates of deposit, commercial paper, treasury notes and federal agency securities. Except for nonparticipating investment contracts, such as repurchase agreements, investments are reported at fair value which is based on quoted market prices.

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.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to $44,194, which includes $15,007 assigned from other School District funds.

G. Capital Assets

All capital assets of the School District are classified as general capital assets. 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 value 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 and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	15 - 50 Years
Buildings and Building Improvements	10 - 45 Years
Improvements Other Than Buildings	5 - 50 Years
Furniture and Fixtures	10 Years
Machinery and Equipment	5 - 20 Years
Vehicles	5 - 10 Years

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District 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.

On the governmental fund statements, compensated absences are recognized as a liability and expenditure 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 funds from which the employee will be 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. 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.

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. 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. At June 30, 2018, there was no net position restricted by enabling legislation.

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

N. Interfund Activity

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

O. 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 goods or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

P. 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.

Q. 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.

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	$ 12,262,521
Adjustments:	
Net OPEB Liability	(6,400,367)
Deferred Outflow-Payments Subsequent to Measurement Date	41,560
Restated Net Position, July 1, 2017	$ 5,903,714

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.

Note 3 – Accountability

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

Non-Major Governmental Funds:	
Title I	$7,380
Preschool	2,976
Title II A	5,016

The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these 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 on the budgetary basis for the general fund. The major differences between the budget basis and GAAP basis are:

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

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

3. Encumbrances are treated as expenditures (budget) rather than as an assignment or commitment of fund balance (GAAP).

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

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	$ 3,842,800
Net Adjustment for Revenue Accruals	(460,703)
Net Adjustment for Expenditure Accruals	(1,079,141)
Funds Budgeted Elsewhere	(420)
Adjustment for Encumbrances	(711,470)
Budget Basis	$ 1,591,066

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Type Fund 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 public school support fund.

Note 5 - Deposits and Investments

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

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

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 bankers' acceptances and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed forty percent of the interim moneys available for investment at any on time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

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

		Measurement	Investment Maturities			Percent
Rating	Investment Type	Amount	Less than 1 Year	1 to 3 Years	Over 3 Years	of Total
	Net Asset Value (NAV):					
AAAm	STAR Ohio	2,158,964	2,158,964	0	0	6.71%
	Fair Value:					
A-1	Commercial Paper	$ 4,156,703	$ 4,156,703	$ 0	$ 0	12.93%
AA+	Federal Farm Credit Bank	653,521	0	489,090	164,431	2.03%
AA+	Federal Home Loan Banks	3,596,746	3,596,746	0	0	11.19%
AA+	Federal Home Loan Mortgage Corp	4,072,360	3,124,433	947,927	0	12.67%
AA+	Federal National Mortgage	1,558,210	598,308	959,902	0	4.85%
N/A	Negotiable Certificates of Deposit	5,404,160	3,470,900	973,572	959,688	16.81%
AA+	US Treasury Note	10,550,924	10,550,924	0	0	32.81%
	Total Investments	$ 32,151,588	$ 27,656,978	$ 3,370,491	$ 1,124,119	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. 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.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. Investments of the School District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity; a specific issue or a specific class of securities, strategies to achieve this are determined and revised periodically.

Funds Held by Fiscal Agent

The School District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was $5,377,212. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Segregated Funds

The bond proceeds related to the OFCC construction project are maintained separately from the School District's deposits. The carrying amount of the deposits is reported as "Investments in Segregated Accounts."

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 Carroll County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount 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	$ 539,705,640	82.81%	$ 476,531,140	77.82%
Public Utility Personal Property	112,058,310	17.19%	135,827,780	22.18%
Total Assessed Values	$ 651,763,950	100.00%	$ 612,358,920	100.00%
Full Tax rate per $1,000 of assessed valuation	$ 29.40		$ 29.40	

Note 7 - Receivables

Receivables at June 30, 2018 consisted of property taxes, payments in lieu of taxes, miscellaneous accounts and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

In fiscal year 2015, an enterprise zone agreement was entered into between Carroll County Energy, LLC, Carroll County, Washington Township, and the School District to provide Carroll County Energy with a 15-year, 100 percent property tax exemption for the increase in the assessed value of real property and for new personal property created due to the construction of a new electric generating facility. In return for real property and personal property tax exemptions provided under the agreement, Carroll County Energy will provide annual compensation to the School District in the amount of $1,300,375. The receivable has been recorded in the bond retirement fund for the amount the School District will receive in the subsequent fiscal year.

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Note 8 - Capital Assets

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

	Balance 06/30/2017	Additions	Deletions	Balance 06/30/2018
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 112,325	$ 0	$ 0	$ 112,325
Construction in Progress	2,303,870	14,908,584	0	17,212,454
Total Capital Assets not being Depreciated	2,416,195	14,908,584	0	17,324,779
Capital Assets being depreciated				
Land Improvements	1,779,484	0	0	1,779,484
Buildings and Building Improvements	9,520,963	283,921	0	9,804,884
Improvements Other Than Buildings	171,056	0	0	171,056
Furniture and Fixtures	275,351	0	0	275,351
Machinery and Equipment	2,075,796	141,744	0	2,217,540
Vehicles	2,980,923	292,713	(17,195)	3,256,441
Total Capital Assets Being Depreciated	16,803,573	718,378	(17,195)	17,504,756
Less Accumulated Depreciation:				
Land Improvements	(1,033,877)	(88,795)	0	(1,122,672)
Buildings and Building Improvements	(4,183,471)	(175,434)	0	(4,358,905)
Improvements Other Than Buildings	(98,090)	(3,715)	0	(101,805)
Furniture and Fixtures	(150,988)	(14,280)	0	(165,268)
Machinery and Equipment	(1,193,809)	(122,964)	0	(1,316,773)
Vehicles	(1,856,266)	(154,703)	16,335	(1,994,634)
Total Accumulated Depreciation	(8,516,501)	(559,891) *	16,335	(9,060,057)
Total Capital Assets Being Depreciated, Net	8,287,072	158,487	(860)	8,444,699
Governmental Activities Capital Assets, Net	$ 10,703,267	$ 15,067,071	$ (860)	$ 25,769,478

* Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	$	124,362
Special		7,215
Vocational		619
Support Services:		
Pupils		6,068
Instructional Staff		2,919
Administration		1,994
Business		36,647
Operation and Maintenance of Plant		105,984
Pupil Transportation		165,664
Operation of Non-Instructional Services:		
Food Service Operations		10,457
Community Services		1,074
Other		2,012
Extracurricular Activities		94,876
Total Depreciation	$	559,891

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2018, the School District contracted with the Schools of Ohio Risk Sharing Authority for property and liability insurance coverage as follows:

Coverage		Amount
General Liability:		
Occurrence	$	15,000,000
Aggregate		17,000,000
Buildings and Contents		50,726,069
Equipment		50,000,000
Automobile Liability		15,000,000

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

B. Employee Medical Benefits

Medical, surgical, dental, and vision insurance is offered to all employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts and other public entities across the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of $247,677 reported in the internal service fund at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2017	$ 154,204	$ 2,828,301	$ 2,803,673	$ 178,832
2018	$ 178,832	$ 3,483,038	$ 3,414,193	$ 247,677

Note 10 - 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	Age 60 with 5 years of service credit	Age 62 with 10 years of service credit; or
Benefits	Age 55 with 25 years of service credit	Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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 $351,756 for fiscal year 2018. Of this amount, $25,552 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 $1,357,433 for fiscal year 2018. Of this amount, $229,940 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	0.07509870%	0.07869445%	
Prior Measurement Date	0.08040470%	0.07621288%	
Change in Proportionate Share	-0.00530600%	0.00248157%	
Proportionate Share of the Net Pension Liability	$ 4,486,981	$ 18,694,035	$ 23,181,016
Pension Expense	$ (282,831)	$ (7,255,289)	$ (7,538,120)

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	$ 193,102	$ 721,877	$ 914,979
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	0	0
Changes of Assumptions	232,026	4,088,591	4,320,617
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	52,313	573,335	625,648
School District Contributions Subsequent to the Measurement Date	351,756	1,357,433	1,709,189
Total Deferred Outflows of Resources	$ 829,197	$ 6,741,236	$ 7,570,433
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 150,666	$ 150,666
Net Difference between Projected and Actual Earnings on Pension Plan Investments	21,298	616,926	638,224
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	367,942	460,930	828,872
Total Deferred Inflows of Resources	$ 389,240	$ 1,228,522	$ 1,617,762

$1,709,189 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	$ 58,346	$ 804,204	$ 862,550
2020	132,522	1,643,438	1,775,960
2021	1,933	1,237,730	1,239,663
2022	(104,600)	469,909	365,309
	$ 88,201	$ 4,155,281	$ 4,243,482

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	$ 6,226,764	$ 4,486,981	$ 3,029,559

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	$ 26,797,263	$ 18,694,035	$ 11,868,280

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 11 – 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 $40,500.

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 $53,528 for fiscal year 2018. Of this amount $41,446 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	0.07645460%	0.07869445%	
Prior Measurement Date	0.08155017%	0.07621288%	
Change in Proportionate Share	-0.00509557%	0.00248157%	
Proportionate Share of the Net OPEB Liability	$ 2,051,841	$ 3,070,367	$ 5,122,208
OPEB Expense	$ 71,908	$ (917,952)	$ (846,044)

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	$ 177,241	$ 177,241
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	0	113,756	113,756
School District Contributions Subsequent to the Measurement Date	53,528	0	53,528
Total Deferred Outflows of Resources	$ 53,528	$ 290,997	$ 344,525
Deferred Inflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 5,418	$ 131,234	$ 136,652
Changes of Assumptions	194,709	247,329	442,038
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	102,862	0	102,862
Total Deferred Inflows of Resources	$ 302,989	$ 378,563	$ 681,552

$53,528 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	$ (109,171)	$ (25,531)	$ (134,702)
2020	(109,171)	(25,531)	(134,702)
2021	(83,294)	(25,531)	(108,825)
2022	(1,353)	(25,529)	(26,882)
2023	0	7,278	7,278
Thereafter	0	7,278	7,278
	$ (302,989)	$ (87,566)	$ (390,555)

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	$ 2,477,859	$ 2,051,841	$ 1,714,325

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 1,664,915	$ 2,051,841	$ 2,563,943

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	$ 4,121,918	$ 3,070,367	$ 2,239,298

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 2,133,159	$ 3,070,367	$ 4,303,842

Note 12 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. 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 a maximum of 240 days for nine, 10 and 11 month classified employees; 260 for 12 month classified employees; and 240 days for certified employees. Upon retirement, payment is made for 30 percent of total sick leave accumulated; to a maximum of 60 days for classified employees, to a maximum of 60 days for certificated employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through the Jefferson Health Plan. The Board pays the cost of the monthly premium, $6.17 per employee.

Note 13 - Long-Term Obligations

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

	Restated Outstanding 06/30/2017	Additions	Deductions	Outstanding 06/30/2018	Amounts Due Within One Year
Governmental Activities					
School Energy Conservation					
Improvement Bond	$ 196,475	$ 0	$ (64,358)	$ 132,117	$ 65,664
Certificates of Participation, Series 2014	203,023	0	(100,011)	103,012	103,012
Classroom Facilities Bond, Series 2016					
Term Bonds	12,350,000	0	(410,000)	11,940,000	510,000
Unamortized Premium	1,257,973	0	(66,209)	1,191,764	0
Certificates of Participation, Series 2016	11,355,000	0	(95,000)	11,260,000	55,000
Discount	(315,954)	0	11,284	(304,670)	0
Total Bonds and Certificates	25,046,517	0	(724,294)	24,322,223	733,676
Net Pension Liability					
Pension	31,395,630	0	(8,214,614)	23,181,016	0
OPEB	6,400,367	0	(1,278,159)	5,122,208	0
Total Net Pension Liability	37,795,997	0	(9492773)	28,303,224	0
Compensated Absences	1,200,917	119,556	(30,639)	1,289,834	140,749
Total Governmental Activities Long-Term Obligations	$ 64,043,431	$ 119,556	$ (10,247,706)	$ 53,915,281	$ 874,425

School Energy Conservation Improvement Bonds

During fiscal year 2012, the School District entered into a loan for a House Bill 264 project that consisted of various repairs and upgrades to the school buildings in order to become more energy efficient. The total amount financed for the project was $500,000. The interest rate on the bond is 2.02 percent and the maturity date is June 14, 2020. The bonds will be paid from property tax revenue in the general fund.

Certificates of Participation

On September 19, 2014, the School District entered into a ground lease agreement with the Ohio Governmental Development Leasing Corporation (the "Corporation") whereas the School District leases a parcel of land to the Corporation, and subsequently makes improvements to the land, and the Corporation, in turn, subleases the land, and leases the land improvements to the School District.

On September 19, 2014, the School District issued $500,000 in certificates of participation for the purpose of school facilities construction in the OFCC program. The maturity date for the certificates is October 1, 2018 with an interest rate of 3.00 percent. The proceeds of the certificates issued were reported in the building fund. The certificates will be paid from the general fund.

On July 20, 2016, the School District issued $11,355,000 in certificates of participation for the purpose of school facilities construction in the OFCC program. The maturity date for the certificates is December 1, 2044 with an interest rate of 2.00 percent. The proceeds of the certificates issued were reported in the classroom facilities and building funds. These certificates were issued with a premium of $17,414, which was recorded as revenue in the current year. The discount of $327,238 is being reported as a decrease to bonds payable and is being amortized to interest expense over the life of the certificates using the straight-line method, which approximates the effective interest method. The certificates maturing on or after December1, 2025 are subject to optional prior redemption beginning December 1, 2024.

The Certificates of Participation evidence a proportionate interest in the base rent to be paid by the School District under the ground lease agreement. Base rent payments will be recorded as expenditures in the general and bond retirement funds. The payments in the amortization table represent the future base rent payments for the certificates of participation. The initial lease term commenced on September 19, 2016 and expired June 30, 2017. Each renewal of the lease will be for a renewal lease term beginning July 1 and ending June 30 of the subsequent year, except that the final renewal term will end on December 1, 2044.

2016 Classroom Facilities School Improvement Bonds

In July 2016, the School District issued $13,170,000 of general obligation bonds. The bonds were issued for a twenty nine year period with final maturity on December 1, 2035.

These improvement bonds were issued with a premium of $1,324,182, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method. The discount of $29,510 was recorded as interest expense in the current year. The term bonds were issued with varying interest rates of 1.25 to 4.00 percent. The repayment is from the bond retirement fund.

Principal and interest requirements to retire the School Energy Conservation Improvement Bonds, General Obligation Bonds and the Certificates of Participation outstanding at June 30, 2018 are as follows:

Fiscal Year	H.B. 264 Loan		Classroom Facilities Bond		Certificates of Participation		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 65,664	$ 2,074	$ 510,000	396,625	158,012	336,440	$ 733,676	$ 735,139
2020	66,453	735	520,000	389,538	50,000	332,300	636,453	722,573
2021	0	0	525,000	381,700	55,000	331,250	580,000	712,950
2022	0	0	535,000	373,750	55,000	330,150	590,000	703,900
2023	0	0	540,000	358,938	60,000	329,000	600,000	687,938
2024-2028	0	0	3,055,000	1,444,788	300,000	1,624,675	3,355,000	3,069,463
2029-2033	0	0	3,690,000	800,950	345,000	1,577,625	4,035,000	2,378,575
2034-2038	0	0	2,565,000	126,106	2,250,000	1,466,850	4,815,000	1,592,956
2039-2043	0	0	0	0	5,605,000	803,325	5,605,000	803,325
2044-2045	0	0	0	0	2,485,000	75,075	2,485,000	75,075
	$ 132,117	$ 2,809	$ 11,940,000	$ 4,272,394	$ 11,363,012	$ 7,206,690	$ 23,435,129	$ 11,481,893

Compensated absences will be paid from the general and food service funds. 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. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

Note 14 – 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	Classroom Facilities Fund	Other Governmental Funds	Total
Restricted for:				
Debt Service	$ 0	$ 0	$ 945,747	$ 945,747
Capital Outlay	0	19,217,902	3,948,142	23,166,044
Classroom Facilities Maintenance	0	0	393,614	393,614
Extracurricular Activities	0	0	38,648	38,648
Other Purposes	0	0	74,136	74,136
Total Restricted	0	19,217,902	5,400,287	24,618,189
Assigned for:				
Encumbrances:				
Instruction	46,390	0	0	46,390
Support Services	404,484	0	0	404,484
Capital Outlay	243,885	0	0	243,885
Subsequent Year Appropriations	2,467,225	0	0	2,467,225
Total Assigned	3,161,984	0	0	3,161,984
Unassigned	9,518,829	0	(15,372)	9,503,457
Total Fund Balance (Deficit)	$ 12,680,813	$ 19,217,902	$ 5,384,915	$ 37,283,630

Note 15 – Interfund Transfers

During the fiscal year, the general fund transferred $568,670 to non-major governmental funds to provide additional resources for current operations.

Note 16 - Jointly Governed Organization

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating counties, a career center representative and a representative from the fiscal advisory committee. Merideth Valkosky of OME-RESA serves as the fiscal officer. The majority of revenue comes from fees of the services provided to member entities. In addition, some funding comes from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation. In the event of liquidation, after all obligations are paid, any surplus would be divided among participating members. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Missy Valkosky, 2230 Sunset Blvd; Suite 2, Steubenville, Ohio 43952. The School District paid $127,833 to OME-RESA in fiscal year 2018.

Note 17 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. 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.

During fiscal year 2017 the District issued $24,525,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition to zero in future years. The District is responsible for tracking the amount of the bond and note proceeds that may be used as an offset in future periods, which was $24,151,504 at June 30, 2018.

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

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2017	$ 0
Current Year Set-Aside Requirement	373,496
Prior Year Offset from Bond Proceeds	(373,496)
Total	$ 0
Balance Carried Forward to Fiscal Year 2019	$ 0
Set Aside Balance June 30, 2018	$ 0

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. Therefore, the negative amount is not presented as being carried forward to future years.

Note 18 – Contingencies and Commitments

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 are subject to audit by the grantor agencies. 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 of the basic financial statements.

C. 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 fiscal year end, the School District's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	$ 694,759
Classroom Facilities Maintenance	23,233,611
Other Governmental	2,691,568
	$ 26,619,938

D. Construction Commitments

The School District had the following contractual commitment as of June 30, 2017:

Project	Contractual Commitment	Expended	Balance 6/30/2018
OFCC Project	$ 37,713,639	$ 14,498,297	$ 23,215,342

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

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

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Carrollton Exempted Village School District
Carroll 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	0.07509870%	0.08040470%	0.08625030%	0.08297600%	0.08297600%
School District's Proportionate Share of the Net Pension Liability	$ 4,486,981	$ 5,884,882	$ 4,921,526	$ 4,199,368	$ 4,934,316
School District's Covered Payroll	$ 2,517,614	$ 2,913,271	$ 3,087,064	$ 2,890,123	$ 2,990,520
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	178.22%	202.00%	159.42%	145.30%	165.00%
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	0.07869445%	0.07621288%	0.07820888%	0.07961759%	0.07961759%
School District's Proportionate Share of the Net Pension Liability	$ 18,694,035	$ 25,510,748	$ 21,614,647	$ 19,365,753	$ 23,068,359
School District's Covered Payroll	$ 8,637,800	$ 8,493,607	$ 8,206,914	$ 8,779,746	$ 8,702,962
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.42%	300.35%	263.37%	220.57%	265.06%
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.

See accompanying notes to the required supplementary information.

Carrollton Exempted Village School District
Carroll 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	$ 351,756	$ 352,466	$ 407,858	$ 406,875
Contributions in Relation to the Contractually Required Contribution	(351,756)	(352,466)	(407,858)	(406,875)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 2,605,600	$ 2,517,614	$ 2,913,271	$ 3,087,064
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 1,357,433	$ 1,209,292	$ 1,189,105	$ 1,148,968
Contributions in Relation to the Contractually Required Contribution	(1,357,433)	(1,209,292)	(1,189,105)	(1,148,968)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 9,695,950	$ 8,637,800	$ 8,493,607	$ 8,206,914
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
$ 400,571	$ 413,888	$ 399,181	$ 328,613	$ 400,806	$ 295,453
(400,571)	(413,888)	(399,181)	(328,613)	(400,806)	(295,453)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 2,890,123	$ 2,990,520	$ 2,967,888	$ 2,614,264	$ 2,960,162	$ 3,002,571
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$ 1,141,367	$ 1,131,385	$ 1,132,478	$ 1,171,783	$ 1,116,808	$ 1,046,522
(1,141,367)	(1,131,385)	(1,132,478)	(1,171,783)	(1,116,808)	(1,046,522)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 8,779,746	$ 8,702,962	$ 8,711,369	$ 9,013,715	$ 8,590,831	$ 8,050,169
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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Carrollton Exempted Village School District
Carroll 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	0.07645460%	0.08155017%
School District's Proportionate Share of the Net OPEB Liability	$ 2,051,841	$ 2,324,482
School District's Covered Payroll	$ 2,517,614	$ 2,913,271
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	81.50%	79.79%
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	0.07869445%	0.07621288%
School District's Proportionate Share of the Net OPEB Liability	$ 3,070,367	$ 4,075,885
School District's Covered Payroll	$ 8,637,800	$ 8,493,607
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.55%	47.99%
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.

Carrollton Exempted Village School District
Carroll 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)	$ 53,528	$ 41,560	$ 41,560	$ 67,655
Contributions in Relation to the Contractually Required Contribution	(53,528)	(41,560)	(41,560)	(67,655)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 2,605,600	$ 2,517,614	$ 2,913,271	$ 3,087,064
OPEB Contributions as a Percentage of Covered Payroll (1)	2.05%	1.65%	1.43%	2.19%
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	$ 9,695,950	$ 8,637,800	$ 8,493,607	$ 8,206,914
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

	2014	2013	2012	2011	2010	2009
	$ 43,745	$ 42,537	$ 16,323	$ 37,384	$ 13,617	$ 35,800
	(43,745)	(42,537)	(16,323)	(37,384)	(13,617)	(35,800)
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 2,890,123	$ 2,990,520	$ 2,967,888	$ 2,614,264	$ 2,960,162	$ 3,002,571
	1.51%	1.42%	0.55%	1.43%	0.46%	1.19%
	$ 87,797	$ 87,030	$ 87,114	$ 90,137	$ 85,908	$ 80,502
	(87,797)	(87,030)	(87,114)	(90,137)	(85,908)	(80,502)
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 8,779,746	$ 8,702,962	$ 8,711,369	$ 9,013,715	$ 8,590,831	$ 8,050,169
	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

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.

December 21, 2018

To the Board of Education
Carrollton Exempted Village School District
Carroll County, Ohio
252 3rd Street NE
Carrollton, OH 44615

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carrollton Exempted Village School District, Carroll County, Ohio (the "School District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 21, 2018, in which we noted the School District restated net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

December 21, 2018

To the Board of Education
Carrollton Exempted Village School District
Carroll County, Ohio
252 3rd Street NE
Carrollton, OH 44615

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the Carrollton Exempted Village School District's, Carroll County, Ohio (the "School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2018. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Carrollton Exempted Village School District, Carroll County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor Program Title		Grant Year/ Direct Award No.	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education:					
Title I Grants to Local Educational Agencies		2017	84.010	$ 60,643	$ 0
Title I Grants to Local Educational Agencies		2018	84.010	380,048	0
Total Title I Grants to Local Educational Agencies				440,691	0
Special Education Cluster:					
Special Education - Grants to States		2017	84.027	46,358	0
Special Education - Grants to States		2018	84.027	333,140	0
Total Special Education - Grants to States				379,498	0
Special Education - Preschool Grants		2017	84.173	3,357	0
Special Education - Preschool Grants		2018	84.173	17,035	0
Total Special Education - Preschool Grants				20,392	0
Total Special Education Cluster				399,890	0
Improving Teacher Quality State Grants		2017	84.367	16,633	0
Improving Teacher Quality State Grants		2018	84.367	61,108	0
Total Improving Teacher Quality State Grants				77,741	0
Total U.S. Department of Education				**918,322**	**0**
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Ohio Department of Education:					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	(D)	2018	10.555	42,311	0
School Breakfast Program	(D)	2018	10.553	16,454	0
				58,765	0
Cash Assistance:					
National School Lunch Program	(C)	2018	10.555	375,129	0
School Breakfast Program	(C)	2018	10.553	149,383	0
Special Milk Program	(C)	2018	10.556	1,102	0
Cash Assistance Subtotal				525,614	0
Total Child Nutrition Cluster				584,379	0
National School Lunch Program - Equipment Grant		2018	10.579	5,000	0
Total U.S. Department of Agriculture				**589,379**	**0**
TOTAL FEDERAL ASSISTANCE				**$ 1,507,701**	**$ 0**

See accompanying notes to the Schedule of Expenditures of Federal Awards

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Carrollton Exempted Village School District (the School 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): *Child Nutrition Cluster:* National School Lunch Program School Breakfast Program Special Milk Program	CFDA # 10.555 10.553 10.556
(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

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT

CARROLL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 7, 2019