BLOOM-CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY
JUNE 30, 2019

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Bloom-Carroll Local School District
Fairfield County
5240 Plum Road
Carroll, Ohio 43112

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom-Carroll Local School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom-Carroll Local School District, Fairfield County, Ohio, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

February 21, 2020

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The discussion and analysis of the Bloom-Carroll Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2019 by $1,081,092. Of this amount, $12,582,972 represents the total amount of net position invested in capital assets and restricted for specific purposes, and the deficit balance of $13,664,064 represents the District's unrestricted net position.

- In total, net position of governmental activities increased by $2,746,928 which represents a 71.76 percent increase from 2018.

- General revenues accounted for $22,633,473 or 89.03 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for $2,788,261 or 10.97 percent of total revenues of $25,421,734.

- The District had $22,674,806 in expenses related to governmental activities; only $2,788,261 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of $22,633,473 were used to provide for the remainder of these programs.

- The District recognizes three major governmental funds: the General, Bond Retirement and Building Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had $19,962,445 in revenues and $21,135,315 in expenditures in fiscal year 2019.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the District's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 11. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, Bond Retirement and Building Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. 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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

The District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the District reports it as a proprietary fund using the full accrual basis of accounting.

Fiduciary Funds

The District's fiduciary funds are the private purpose trust and agency funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets and deferred outflows, liabilities and deferred inflows, and the difference between them (net position). Table 1 provides a summary of the District's net position as of 2019 compared to fiscal year 2018:

Table 1
Net Position at Year End

	2019	2018	Change
Assets:			
Current and Other Assets	$54,243,921	$19,777,445	$34,466,476
Capital Assets, Net	29,871,361	28,108,736	1,762,625
Total Assets	84,115,282	47,886,181	36,229,101
Deferred Outflows of Resources:			
Deferred Charge on Refunding	604,683	636,509	(31,826)
Pension	5,649,641	6,548,544	(898,903)
OPEB	429,428	207,690	221,738
Total Deferred Outflows of Resources	6,683,752	7,392,743	(708,991)
Liabilities:			
Current and Other Liabilities	3,623,530	3,071,731	551,799
Long-Term Liabilities:			
Due Within One Year	2,825,288	1,412,554	1,412,734
Due in More Than One Year:			
Net Pension Liability	19,826,532	20,563,791	(737,259)
Net OPEB Liability	2,310,656	4,697,341	(2,386,685)
Other Amounts	50,277,558	20,315,792	29,961,766
Total Liabilities	78,863,564	50,061,209	28,802,355
Deferred Inflows of Resources:			
Property Taxes	9,879,668	7,694,799	2,184,869
Pension	1,233,871	825,073	408,798
OPEB	1,903,023	525,863	1,377,160
Total Deferred Inflows of Resources	13,016,562	9,045,735	3,970,827
Net Position:			
Net Investment in Capital Assets	7,210,092	7,649,704	(439,612)
Restricted	5,372,880	1,712,925	3,659,955
Unrestricted	(13,664,064)	(13,190,649)	(473,415)
Total Net Position	($1,081,092)	($3,828,020)	$2,746,928

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

Current and other assets increased $34,466,476 in fiscal year 2019 due primarily to an increase in cash and cash equivalents. Capital assets increased by $1,762,625 as a result of additions of capital assets exceeding depreciation expense.

Current (other) liabilities increased by $551,799 due to increases in accrued interest, contracts payable and intergovernmental payable.

Long-term liabilities increased by $28,250,556 or 60.12 percent as the result of new school improvement bonds being issued.

The District's largest portion of net position is related to amounts included as net investment in capital assets. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The District's smallest portion of net position is unrestricted, and carries a deficit balance of $13,664,064.

The remaining balance of $5,372,880 is restricted. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2019 and provides a comparison to fiscal year 2018.

Table 2
Changes in Net Position

	Governmental Activities		
	2019	2018	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$1,862,972	$1,926,036	($63,064)
Operating Grants and Contributions	925,289	787,811	137,478
General Revenues:			
Property Taxes	9,379,417	10,122,299	(742,882)
Income Taxes	5,373,003	5,075,776	297,227
Unrestricted Grants and Entitlements	7,329,506	7,041,361	288,145
Investment Earnings	437,045	160,147	276,898
Miscellaneous	114,502	105,070	9,432
Total Revenues	25,421,734	25,218,500	203,234

(Continued)

Table 2
Changes in Net Position (Continued)

	Governmental Activities		
	2019	2018	Change
Expenses:			
Program Expenses:			
Instruction:			
Regular	5,569,064	3,612,271	1,956,793
Special	3,137,692	2,202,169	935,523
Vocational	215,395	120,043	95,352
Student Intervention Services	230,782	88,096	142,686
Other	632,467	621,652	10,815
Support Services:			
Pupils	1,092,672	757,618	335,054
Instructional Staff	1,055,222	792,146	263,076
Board of Education	102,245	123,321	(21,076)
Administration	1,952,066	1,336,400	615,666
Fiscal	333,937	190,717	143,220
Operation and Maintenance of Plant	2,117,060	1,587,960	529,100
Pupil Transportation	1,594,272	1,111,512	482,760
Central	365,712	273,591	92,121
Operation of Non-Instructional Services:			
Food Services	730,349	510,019	220,330
Community Services	1,000	3,500	(2,500)
Extracurricular Activities	847,825	528,442	319,383
Debt Service:			
Interest and Fiscal Charges	2,697,046	1,270,644	1,426,402
Total Expenses	22,674,806	15,130,101	7,544,705
Change in Net Position	2,746,928	10,088,399	(7,341,471)
Net Position - Beginning of Year	(3,828,020)	(13,916,419)	10,088,399
Net Position - End of Year	($1,081,092)	($3,828,020)	$2,746,928

The most significant program expenses for the District are Regular Instruction, Special Instruction, Interest and Fiscal Charges, Operation and Maintenance of Plant, Administration, and Pupil Transportation. These programs account for 75.26 percent of the total governmental activities. Regular Instruction, which accounts for 24.56 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 13.84 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Interest and Fiscal Charges, which accounts for 11.89 percent of the total, represents costs associated with the District's commitment for interest. Operation and Maintenance of Plant, which represents 9.34 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Administration, which represents 8.61 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Pupil Transportation, which represents 7.03 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities.

The majority of the funding for the most significant programs indicated above is from property taxes, grants and entitlements not restricted for specific programs and income taxes. Property taxes, grants and entitlements not restricted for specific programs and income taxes account for 86.83 percent of total revenues.

As noted previously, the net position for the governmental activities increased $2,746,928 or 71.76 percent. This is a change from last year when net position increased $10,088,399 or 72.49 percent. Total revenues increased $203,234 or 0.81 percent from last year and expenses increased $7,544,705 or 49.87 percent from last year.

The District had program revenue increases of $74,414, as well as increases in general revenues of $128,820. The increase in program revenue is primarily due to increase in operating grants and contributions. The increase in general revenue is primarily due to increases in income taxes and unrestricted grants and entitlements.

The total expenses for governmental activities increased primarily as a result of increases in Regular Instruction, Administration, Special Instruction, Operation and Maintenance of Plant and Pupil Transportation. These increases are the results of changes in expense classification for employees and increases in supplemental contracts.

Governmental Activities

Like most Ohio schools, the District is heavily dependent on property taxes, income taxes and intergovernmental revenue. This has resulted in a lack of revenue growth. Property taxes made up 36.98 percent, income taxes made up 21.18 percent, and unrestricted grants and entitlements revenue made up 28.83 percent of the total revenue for our governmental activities in fiscal year 2019.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at $100,000 and taxed at 1.0 mill, $35.00 annually. If three years later the home was reappraised and the value increased to $200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive $35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

In May, 2018, District voters approved a 4.3 mill bond issue and a 1.2 mill permanent improvement levy. The bond issue raised $30 million for construction of a new elementary school and the permanent improvement levy is raising $475,000 a year.

The District voters approved an income tax levy of 0.75 percent in fiscal year 1997 and it is a continuing tax. The voters of the District approved an additional income tax levy of 0.50 percent in fiscal year 2006. These levies generated almost $5,400,000 in revenue for general operations for fiscal year 2019.

The District's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2019, the District received $5,156,617 through the State's foundation program, which represents 20.28 percent of the total revenue for the governmental activities. The District relies on this state funding to operate at the current levels of service.

Instruction accounts for 43.16 percent of governmental activities program expenses. Support services expenses make up 37.99 percent of governmental activities expenses. The statement of activities shows the cost of program services and 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 for fiscal year 2019 compared with fiscal year 2018. That is, it identifies the net cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

Net Cost of Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program Expenses:				
Instruction	$9,785,400	$8,419,030	$6,644,231	$5,226,820
Support Services	8,613,186	8,323,407	6,173,265	5,923,321
Operation of Non-Instructional Service	731,349	(53,840)	513,519	(205,240)
Extracurricular Activities	847,825	500,902	528,442	200,709
Debt Service:				
Interest and Fiscal Charges	2,697,046	2,697,046	1,270,644	1,270,644
Total Expenses	$22,674,806	$19,886,545	$15,130,101	$12,416,254

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $58,185,407, and expenditures and other financing uses of $27,412,068.

Total governmental funds fund balance increased by $30,773,339. The increase in fund balance for the year was most significant in the Building Fund, an increase of $29,158,015, and was due to the proceeds received from the new school improvement bonds that were issued.

Budget Highlights - General Fund

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

During the course of fiscal year 2019, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management.

The District prepares and monitors a detailed cash flow plan for the General Fund. Actual cash flow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was $20,301,457 representing no change from the original budget estimates. The actual budget basis revenues were $20,593,302 representing a $291,845 positive variance over the final budgeted amount. For the General Fund, the final budget basis expenditures, including other financing uses, were $21,207,372 representing an increase of $500,183 from the original budget estimates. The actual budget basis expenditures were $20,768,883 representing a $438,489 variance under the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had $40.0 million invested in land, land improvements/infrastructure, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of $10.1 million. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018.

Table 4
Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2019	2018
Nondepreciable Capital Assets:		
Land	$806,734	$806,734
Construction in Progress	2,146,914	0
Depreciable Capital Assets:		
Land Improvements/Infrastructure	5,896,419	5,834,609
Buildings and Improvements	20,717,901	20,402,405
Furniture, Fixtures and Equipment	8,511,112	8,329,581
Vehicles	1,918,393	2,083,296
Total Capital Assets	39,997,473	37,456,625
Less Accumulated Depreciation:		
Land Improvements/Infrastructure	(1,246,293)	(1,084,443)
Buildings and Improvements	(4,160,542)	(3,729,485)
Furniture, Fixtures and Equipment	(3,943,115)	(3,598,399)
Vehicles	(776,162)	(935,562)
Total Accumulated Depreciation	(10,126,112)	(9,347,889)
Capital Assets, Net	$29,871,361	$28,108,736

More detailed information pertaining to the District's capital asset activity can be found in Note 11 to the notes to the basic financial statements.

Debt Administration

At June 30, 2019, the District had $48.6 million in general obligation debt outstanding with $2,340,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2019 compared to fiscal year 2018.

Table 5
Outstanding Debt, Governmental Activities at Year End

Purpose	2019	2018
2010 School Improvements Bonds	$7,695,000	$8,670,000
2012 Energy Conservation Bonds	345,000	375,000
2013 General Obligation Refunding Bonds	2,602,063	2,602,416
2017 General Obligation Refunding Bonds	8,000,000	8,000,000
2019 School Improvement Bond	21,500,000	0
2019 School Improvement Bond	8,500,000	0
Total	$48,642,063	$19,647,416

Detailed information pertaining to the District's long-term debt activity can be found in Note 15 to the basic financial statements.

Current Issues

Bloom-Carroll Local School District is considered a wealthy district according to the State of Ohio's property valuation per pupil formula. The new funding formula contained within the State biennial budget provided an increase of 1.77% in Fiscal Year 2020 and 0.85% increase in Fiscal Year 2021 of State funds for Bloom-Carroll. This helps the Districts financial outlook, however, as indicated in the preceding financial information; the District is heavily dependent on local taxes due to the property valuation per pupil wealth index. Nearly one-quarter of the District's funding is received through the State's foundation program, which along with taxes and other various grants and entitlements makes up approximately 90 percent of the District's revenue. The District relies on state and federal funding to operate at the current level of services. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation.

Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

Residential growth has not eluded the District although it has slowed over the past two years. Increasing numbers of housing developments are being approved by the townships. The new developments are attracting young families to the area as evidenced by the residential permits issued in the townships. The District's enrollment has increased by an average of 2.75% per year since the 2012-13 school year. Residential/agricultural property contributes 88% of the District's real estate valuation.

In May, 2018, voters of the Bloom-Carroll Local School District approved a 4.3 mill bond issue and a 1.2 mill permanent improvement levy. The bond issue proceeds will be used to construct a new Elementary school to house grades K-5. The permanent improvement levy will help maintain all buildings within the District and shift some capital expenditure burden away from the District's general operating fund. The District is participating in the Expedited Local Partnership Program (ELPP) through the Ohio Schools Facilities Commission. The District is scheduled to receive an 18% match on the qualifying expenditures from the Elementary School Construction.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information, contact Travis Bigam, Treasurer of Bloom-Carroll Local School Board of Education, 5240 Plum Road, Carroll, Ohio 43112.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$37,226,602
Cash and Cash Equivalents with Fiscal Agent	2,475,460
Property Taxes Receivable	11,326,150
Accounts Receivable	1,949
Intergovernmental Receivable	59,378
Accrued Interest Receivable	17,184
Prepaid Items	12,975
Income Taxes Receivable	2,022,027
Net OPEB Asset	1,102,196
Nondepreciable Capital Assets	2,953,648
Depreciable Capital Assets, Net	26,917,713
Total Assets	84,115,282
Deferred Outflows of Resources:	
Deferred Charge on Refunding	604,683
Pension	5,649,641
OPEB	429,428
Total Deferred Outflows of Resources	6,683,752
Liabilities:	
Accounts Payable	189,781
Accrued Wages and Benefits	1,865,455
Contracts Payable	146,104
Intergovernmental Payable	653,228
Accrued Interest Payable	323,511
Matured Compensated Absences Payable	11,986
Claims Payable	433,465
Long-Term Liabilities:	
Due within One Year	2,825,288
Due in More Than One Year:	
Net Pension Liability	19,826,532
Net OPEB Liability	2,310,656
Other Amounts Due in More Than One Year	50,277,558
Total Liabilities	78,863,564
Deferred Inflows of Resources:	
Property Taxes	9,879,668
Pension	1,233,871
OPEB	1,903,023
Total Deferred Inflows of Resources	13,016,562
Net Position:	
Net Investment in Capital Assets	7,210,092
Restricted for:	
Debt Service	3,826,697
Capital Outlay	1,447,289
Permanent Improvements	257,157
Expendable	22,476
Nonexpendable	10,000
Other Purposes	66,418
Unrestricted	(13,921,221)
Total Net Position	($1,081,092)

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$5,569,064	$982,295	$40,678	($4,546,091)
Special	3,137,692	0	343,397	(2,794,295)
Vocational	215,395	0	0	(215,395)
Student Intervention Services	230,782	0	0	(230,782)
Other	632,467	0	0	(632,467)
Support Services:				
Pupils	1,092,672	0	170,431	(922,241)
Instructional Staff	1,055,222	0	14,727	(1,040,495)
Board of Education	102,245	0	0	(102,245)
Administration	1,952,066	0	0	(1,952,066)
Fiscal	333,937	67,105	0	(266,832)
Operation and Maintenance of Plant	2,117,060	15,115	22,401	(2,079,544)
Pupil Transportation	1,594,272	0	0	(1,594,272)
Central	365,712	0	0	(365,712)
Operation of Non-Instructional Services:				
Food Services	730,349	494,998	280,723	45,372
Community Services	1,000	0	9,468	8,468
Extracurricular Activities	847,825	303,459	43,464	(500,902)
Debt Service:				
Interest and Fiscal Charges	2,697,046	0	0	(2,697,046)
Total Governmental Activities	$22,674,806	$1,862,972	$925,289	(19,886,545)

General Revenues:	
Property Taxes Levied for:	
General Purposes	6,828,319
Debt Service	2,250,909
Capital Outlay	300,189
Income Taxes Levied for:	
General Purposes	5,373,003
Grants and Entitlements not Restricted to Specific Programs	7,329,506
Investment Earnings	437,045
Miscellaneous	114,502
Total General Revenues	22,633,473
Change in Net Position	2,746,928
Net Position at Beginning of Year	(3,828,020)
Net Position at End of Year	($1,081,092)

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	$3,663,064	$3,817,972	$29,304,119	$399,434	$37,184,589
Property Taxes Receivable	7,846,261	3,029,816	0	450,073	11,326,150
Income Taxes Receivable	2,022,027	0	0	0	2,022,027
Accounts Receivable	699	0	0	1,250	1,949
Intergovernmental Receivable	59,378	0	0	0	59,378
Accrued Interest Receivable	17,184	0	0	0	17,184
Prepaid Items	12,975	0	0	0	12,975
Total Assets	$13,621,588	$6,847,788	$29,304,119	$850,757	$50,624,252
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts Payable	$163,610	$0	$0	$26,171	$189,781
Accrued Wages and Benefits	1,739,312	0	0	126,143	1,865,455
Intergovernmental Payable	642,456	0	0	10,772	653,228
Contracts Payable	0	0	146,104	0	146,104
Matured Compensated Absences Payable	11,986	0	0	0	11,986
Total Liabilities	2,557,364	0	146,104	163,086	2,866,554
Deferred Inflows of Resources:					
Property Taxes	6,853,261	2,635,067	0	391,340	9,879,668
Unavailable Revenue	266,261	102,816	0	15,273	384,350
Total Deferred Inflows of Resources	7,119,522	2,737,883	0	406,613	10,264,018
Fund Balances:					
Nonspendable	12,975	0	0	10,000	22,975
Restricted	0	4,109,905	29,158,015	376,463	33,644,383
Assigned	247,534	0	0	16,034	263,568
Unassigned (Deficit)	3,684,193	0	0	(121,439)	3,562,754
Total Fund Balances	3,944,702	4,109,905	29,158,015	281,058	37,493,680
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$13,621,588	$6,847,788	$29,304,119	$850,757	$50,624,252

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Funds Balances		$37,493,680
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.		29,871,361
Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes		384,350
Unamortized deferred charges from the issuance of refunding bonds represent deferred charges which do not provide current financial resources and are therefore not reported in the funds.		604,683
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
General obligation bonds	(48,570,000)	
Capital Appreciation bonds	(9,550)	
Accretion on capital appreciation bonds	(62,513)	
Premium on bonds	(3,588,229)	
Accrued interest	(323,511)	
Capital leases	(290,723)	
Compensated absences	(581,831)	
Total liabilities that are not reported in the funds		(53,426,357)
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 the governmental funds:		
Deferred Outflows - Pension	5,649,641	
Deferred Outflows - OPEB	429,428	
Deferred Inflows - Pension	(1,233,871)	
Deferred Inflows - OPEB	(1,903,023)	
Net OPEB Asset	1,102,196	
Net Pension Liability	(19,826,532)	
Net OPEB Liability	(2,310,656)	
Total		(18,092,817)
An internal service fund is used by management to charge the costs of insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,084,008
Net Position of Governmental Activities		($1,081,092)

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2019

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$6,866,332	$2,236,513	$0	$284,916	$9,387,761
Income Taxes	5,373,003	0	0	0	5,373,003
Intergovernmental	6,317,835	1,007,908	0	879,944	8,205,687
Interest	225,184	0	111,569	852	337,605
Tuition and Fees	982,295	0	0	0	982,295
Rent	1,320	0	0	15,115	16,435
Extracurricular Activities	23,615	0	0	279,844	303,459
Charges for Services	67,105	0	0	494,998	562,103
Gifts and Donations	12,691	0	0	36,417	49,108
Miscellaneous	93,065	5,479	0	14,638	113,182
Total Revenues	19,962,445	3,249,900	111,569	2,006,724	25,330,638
Expenditures:					
Current:					
Instruction:					
Regular	7,335,739	0	0	43,712	7,379,451
Special	2,982,493	0	0	345,892	3,328,385
Vocational	235,614	0	0	0	235,614
Student Intervention Services	261,677	0	0	0	261,677
Other	633,270	0	0	0	633,270
Support Services:					
Pupils	1,013,499	0	0	174,674	1,188,173
Instructional Staff	1,070,705	0	0	45,874	1,116,579
Board of Education	111,683	0	0	0	111,683
Administration	2,098,405	38,008	0	3,917	2,140,330
Fiscal	362,603	0	0	0	362,603
Operation and Maintenance of Plant	2,082,267	0	0	39,401	2,121,668
Pupil Transportation	1,691,128	0	0	27,626	1,718,754
Central	379,151	0	0	0	379,151
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	767,664	767,664
Community Services	0	0	0	1,000	1,000
Extracurricular Activities	586,298	0	0	323,419	909,717
Capital Outlay	0	0	953,554	0	953,554
Debt Service:					
Principal Retirement	278,751	1,030,000	0	0	1,308,751
Interest and Fiscal Charges	12,032	2,438,692	0	0	2,141,369
Total Expenditures	21,135,315	3,506,700	953,554	1,773,179	27,368,748
Excess of Revenues Over (Under) Expenditures	(1,172,870)	(256,800)	(841,985)	233,545	(2,038,110)
Other Financing Sources (Uses):					
Inception of Capital Lease	182,786	0	0		182,786
General Obligation Bonds Issued	0	0	30,000,000	0	30,000,000
Premium on Bonds Issued	0	2,524,423	0	0	2,524,423
Proceeds from Sale of Capital Assets	0	0	0	4,800	4,800
Accrued Interest Received on Refunding Bonds Issued	0	99,440	0	0	99,440
Transfers In	0	43,320	0	0	43,320
Transfers Out	(43,320)	0	0	0	(43,320)
Total Other Financing Sources (Uses)	139,466	2,667,183	30,000,000	4,800	32,811,449
Net Change in Fund Balances	(1,033,404)	2,410,383	29,158,015	238,345	30,773,339
Fund Balances at Beginning of Year	4,978,106	1,699,522	0	42,713	6,720,341
Fund Balances at End of Year	$3,944,702	$4,109,905	$29,158,015	$281,058	$37,493,680

See accompanying notes to the basic financial statements.

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, 2019

Net Change in Fund Balances - Total Governmental Funds		$30,773,339
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		1,778,976
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.		(16,351)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:		
Property taxes		(8,344)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		1,030,000
Payment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		278,751
In the statement of activities, interest is accrued on outstanding bonds, bond accretion, bond premium, and loss on refunding amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when due and premiums and loss on refunding are reported when the bonds are issued:		
Accrued interest	(246,420)	
Amortization of premium on bonds	56,571	
Accretion on capital appreciation bonds	(24,647)	
Amortization of refunding bonds deferred charges	(31,826)	
Total		(246,322)
Other financing sources in the governmental funds that increase long-term obligations in the statement of net position are not reported as revenues in the statement of activities.		
Proceeds from the issuance of general obligation bonds	(30,000,000)	
Premium on the issuance of general obligation bonds	(2,524,423)	
Inception of Capital Leases	(182,786)	
Total		(32,707,209)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Compensated absences		(7,966)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred inflows of resources.		1,590,836
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		172,181
An internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue of the internal service fund is reported as governmental activities.		109,037
Change in Net Position of Governmental Activities		$2,746,928

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$7,631,310	$7,631,310	$7,654,331	$23,021
Income Taxes	5,074,161	5,074,161	5,217,404	143,243
Intergovernmental	6,276,708	6,276,708	6,309,294	32,586
Interest	67,000	67,000	213,203	146,203
Tuition and Fees	970,416	970,416	1,015,160	44,744
Rentals	800	800	1,320	520
Charges for Services	122,000	122,000	67,105	(54,895)
Miscellaneous	159,062	159,062	115,485	(43,577)
Total Revenues	20,301,457	20,301,457	20,593,302	291,845
Expenditures:				
Current:				
Instruction:				
Regular	7,338,356	7,341,600	7,244,893	96,707
Special	2,738,023	2,810,486	2,886,504	(76,018)
Vocational	224,676	244,148	234,086	10,062
Student Intervention Services	181,118	181,118	261,763	(80,645)
Other	672,179	702,179	628,110	74,069
Support Services:				
Pupils	1,086,574	1,086,825	1,012,112	74,713
Instructional Staff	1,048,398	1,124,742	1,066,515	58,227
Board of Education	118,026	118,206	112,890	5,316
Administration	2,164,473	2,175,289	2,116,923	58,366
Fiscal	374,805	374,863	364,927	9,936
Operation and Maintenance of Plant	2,108,231	2,161,431	2,064,212	97,219
Pupil Transportation	1,679,968	1,801,082	1,797,240	3,842
Central	346,831	356,862	373,056	(16,194)
Extracurricular Activities	582,211	586,326	562,332	23,994
Capital Outlay:				
Building Acquisition and Construction Services	0	98,895	0	98,895
Total Expenditures	20,663,869	21,164,052	20,725,563	438,489
Excess of Revenues Over (Under) Expenditures	(362,412)	(862,595)	(132,261)	730,334
Other Financing Uses:				
Transfers Out	(43,320)	(43,320)	(43,320)	0
Total Other Financing Uses	(43,320)	(43,320)	(43,320)	0
Excess of Revenues Over/ (Under) Expenditures and Other Financing Uses	(405,732)	(905,915)	(175,581)	730,334
Fund Balances at Beginning of Year	3,639,567	3,639,567	3,639,567	0
Prior Year Encumbrances Appropriated	115,741	115,741	115,741	0
Fund Balance at End of Year	$3,349,576	$2,849,393	$3,579,727	$730,334

See accompanying notes to the basic financial statements

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2019

	Governmental Activities
	Internal Service
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$42,013
Cash and Cash Equivalents with Fiscal Agent	2,475,460
Total Current Assets	2,517,473
Liabilities:	
Current Liabilities:	
Claims Payable	433,465
Net Position:	
Unrestricted	$2,084,008

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Revenues,
Expenses and Change in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities
	Internal Service
Operating Revenues:	
Charges for Services	$2,750,607
Total Operating Revenues	2,750,607
Operating Expenses:	
Purchased Services	197,396
Claims	2,444,174
Total Operating Expenses	2,641,570
Change in Net Position	109,037
Net Position at Beginning of Year	1,974,971
Net Position at End of Year	$2,084,008

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities Internal Service
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Interfund Charges	$2,750,607
Cash Payments for Goods and Services	(197,396)
Cash Payments for Claims	(2,568,728)
Net Cash from Operating Activities	(15,517)
Net Decrease in Cash and Cash Equivalents	(15,517)
Cash and Cash Equivalents at Beginning of Year	2,532,990
Cash and Cash Equivalents at End of Year	$2,517,473
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income	$109,037
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Decrease in Liabilities:	
Claims Payable	(124,554)
Total Adjustments	(124,554)
Net Cash from Operating Activities	($15,517)

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	$7,680	$31,161,667
Liabilities:		
Due to Students	0	89,538
Undistributed Monies	0	31,072,129
Total Liabilities	0	$31,161,667
Net Position:		
Held in Trust for:		
Other Individuals and Organizations	$7,680	

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Change in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
Additions:	
Gifts and Donations	$2,248
Deductions:	
Payments in Accordance with Trust Agreements	3,455
Change in Net Position	(1,207)
Net Position at Beginning of Year	8,887
Net Position at End of Year	$7,680

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Bloom-Carroll Local School District, (the District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is located in Fairfield County, within portions of Bloom Township and Greenfield Township, and the Village of Carroll and Lithopolis, Ohio. It is staffed by 117 certificated employees, 234 (including administrative) full-time and part-time employees who provide services to 2,069 students in grades K through 12 and various community groups, which ranks it 134 out of approximately 881 public and community school districts in Ohio. The District currently operates 4 instructional buildings.

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 District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

The District is associated with four organizations, three of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association, the South Central Ohio Insurance Consortium, the State Support Team Region 11 and the Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan. These organizations are presented in Notes 21 and 22 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

Fund Financial Statements

During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. The major funds are presented in separate columns. 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 District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District fall within three categories: governmental, proprietary and fiduciary.

Governmental Funds

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The following are the District's major governmental funds:

General Fund **-** This fund is the general operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund **-** This fund is used to account for financial resources accumulated for the payment of general long-time debt principal, interest and related costs.

Building Fund – This fund is used to account for the proceeds of a property tax levy for the construction of facilities.

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

Proprietary Fund

The proprietary fund focus is on the determination of operating income, change in net position, financial position and cash flows and is classified as internal service. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides dental, vision and health benefits to employees.

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds are a private purpose trust fund used to account for assets held for individuals and two agency funds which are used to account for student managed activities, South Central Ohio Insurance Consortium and OHSAA tournament activity.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the full accrual economic resources measurement focus. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Financial Statements

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

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

The private purpose trust fund is reported using the economic resource measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use 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 inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources are collectible 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 District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations are 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 year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 District, deferred outflows of resources include a deferred charge on refunding pension and OPEB reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to the liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the 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 District unavailable revenue includes intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

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 the governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Interest in the pool is presented as “cash and cash equivalents” on the financial statements.

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

During the fiscal year 2019, investments were limited to the negotiable certificates of deposit, STAR Ohio, STAR Ohio Plus, Federal Agency Securities and U.S. Treasury money market securities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2019. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted 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.

Except for nonparticipating investment contracts, the District reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost. The District had no nonnegotiable certificates of deposit for fiscal year 2019.

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 2019 amounted to $225,184 which includes $202,457 assigned from other District funds.

Cash and cash equivalents that are held separately with the District's third party administrator for its self-insurance program, and not included in the District Treasury, are recorded as "Cash and Cash Equivalents with Fiscal Agent".

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Restricted Assets

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted assets in the General Fund include amounts required by statute to be set-aside by the District to create a reserve for capital improvements. See Note 19 for additional information regarding set-asides.

I. Capital Assets

General capital assets are associated with and generally arise from governmental activities. 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 fair market values as of the date received. The District maintains a capitalization threshold of $1,000. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

Description	Estimated Lives
Land Improvements/Infrastructure	20 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	10 years

J. Interfund Balances

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

K. Pensions

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's leave policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 20 years of service with the District.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

M. Accrued Liabilities and Long-Term Liabilities

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

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

O. Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the self-insurance service that is the primary activity of that fund.

Q. Interfund Transactions

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have any extraordinary items during fiscal year 2019.

Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. The District did not have any special items during fiscal year 2019.

S. 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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Budgetary Process

All funds, other than the agency fund, 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. The District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amount reported as the original budgeted amounts in the budgetary statement reflects the amounts in the certificate when the appropriations were adopted. The amount reported as the final budgeted amounts in the budgetary statement reflects the amounts in the final amended certificate issued during fiscal year 2019.

The appropriation resolution is subject to amendment by the Board throughout the 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

NOTE 3 - NEW GASB PRONOUNCEMENTS

For fiscal year 2019, the District implemented GASB Statement No. 83, "Certain Asset Retirement Obligation", and GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The implementation of GASB Statements Nos. 83 and 88 had no effect on the prior period fund balances or net position of the District.

NOTE 4 - ACCOUNTABILITY

The following funds had deficit fund balances as of June 30, 2019:

Nonmajor Special Revenue Funds:	
Food Service	$40,692
Title I	16,234
Title II-A	8,562
IDEA-B	55,951

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the 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 and described earlier 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 and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance.

NOTE 5 - <u>BUDGETARY BASIS OF ACCOUNTING</u> – (Continued)

4. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
Budget Basis	($175,581)
Adjustments:	
Revenue Accruals	(631,081)
Expenditure Accruals	(464,687)
Other Sources	182,786
Encumbrances	54,935
Perspective Difference:	
Activity of Funds Reclassified For GAAP Reporting Purposes	224
GAAP Basis	($1,033,404)

NOTE 6 - <u>DEPOSITS AND INVESTMENTS</u>

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys 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 accounts including passbook accounts.

Protection of the District’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

***NOTE 6 - DEPOSITS AND INVESTMENTS* - (Continued)**

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;

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

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations;

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

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

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. Investments may only be made through specified dealers and institutions.

Cash and Investments with Fiscal Agent: At June 30, 2019, the District had $2,475,460 on deposit in its self-insurance fiscal agent account. This amount is not part of the District's internal investment pool and has been excluded from the total amount of deposits reported below.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits with Financial Institutions: *Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of a bank failure, the District may not be able to recover deposits on collateral securities that are the possession of an outside party. As of June 30, 2019, all of the District's bank balance of $44,833,450 was either covered by Federal Deposit Insurance or collateral was held by the pledging banks trust department not in the District's name.

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 % of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

The District's only financial institution is enrolled in the OPCS.

Investments: The District had the following investments at June 30, 2019:

		Investment Maturities				
Investment Type	Fair Value	6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
FFCB	$995,790	$0	$0	$995,790	$0	$0
FHLB	13,232,084	0	0	0	2,997,865	10,234,219
FHLMC	3,492,850	0	0	249,730	0	3,243,120
FNMA	991,930	0	0	991,930	0	0
Negotiable CDs	4,936,560	1,975,249	966,675	498,525	0	1,496,111
U.S. Treasury Money Market	6,000	6,000	0	0	0	0
Total	$23,655,214	$1,981,249	$966,675	$2,735,975	$2,997,865	$14,973,450

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2019. All of the District's investments are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair values by keeping the portfolio sufficiently liquid to enable the school to meet all operating requirements.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to obligations of Federal Government Agencies or Instrumentalities as described in Ohio Revised Code Section 135.143A (2). Investments in all federal agency securities and U.S. Treasury money market funds were rated 'Aaa' by Moody's Investor Services. Credit ratings for the negotiable CDs are not readily available.

NOTE 6 - DEPOSITS AND INVESTMENTS **-** (Continued)

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer.

Investment type	Fair Value	% of Total
FFCB	$995,790	4.21%
FHLB	13,232,084	55.94%
FHLMC	3,492,850	14.77%
FNMA	991,930	4.19%
Negotiable CDs	4,936,560	20.87%
U.S. Treasury Money Market	6,000	0.03%
Total	$23,655,214	100%

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

All of the District's investments are either insured and registered in the name of the District or at least registered in the name of the District.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the District's cash management pool and investments with a maturity date of three months or less.

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2019:

Cash and investments per note	
Carrying amount of deposits	$44,740,735
Investments	23,655,214
Cash and investments with fiscal agent	2,475,460
Total	$70,871,409

Cash and investments per statement of net position	
Governmental Activities	$39,702,062
Trust Fund	7,680
Agency Funds	31,161,667
Total	$70,871,409

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date.

Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 2019 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018 and are collected in 2019 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Fairfield County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019 are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the June 2019 delinquent taxes outstanding and real property, and public utility taxes which become measurable as of June 30, 2019. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2019 was $1,062,132 and is recognized as revenue in the General Fund, Bond Retirement Fund, and Permanent Improvement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second - Half Collections		2019 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$331,208,480	88.83%	$334,166,050	88.25%
Public Utility Personal	41,640,420	11.17%	44,477,760	11.75%
Total Assessed Value	$372,848,900	100.00%	$378,643,810	100.00%
Total rate per $1,000 of assessed valuation	$47.20		$42.30	

NOTE 8- INCOME TAXES

The District levies a voted tax of 1.25 percent for general operations on the income of residents. The District had a 0.75 percent tax that was effective on January 1, 1998 and is a continuing tax. In November 2005, the voters of the District passed an additional income tax levy of 0.50 percent that became effective January 1, 2006. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of $5,373,003 was credited to the General Fund during fiscal year 2019.

NOTE 9 – TAX ABATEMENTS

For the year ended June 30, 2019, the District implemented GASB Statement No. 77, Tax Abatement Disclosures. A tax abatement is defined as a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the District or the citizens of the District. The District has entered into such agreements. A description of the District's abatement programs where the District has promised to forego taxes follows:

Enterprise Zone Program

The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible. The zone's geographic area is identified by the local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the Director of ODSA. The Director must then certify the area for it to become an active Enterprise Zone. Local communities may offer tax incentives for non-retail projects that are establishing or expanding operations in the State of Ohio. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins.

There is one Enterprise Zone within the District. Businesses located in an Enterprise Zone may negotiate exemptions on new property tax from investment for up to seventy-five percent (75%) for 10 years. For commercial projects, job retention and/or creation is also required. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. Agreements must be in place before the project begins. Pursuant to the terms of such agreements, if the actual number of employee positions created or retained by the business in any three-year period during which the agreement is in effect is not equal to or greater than 75 percent of the number of employee positions estimated to be created or retained under the agreement, the business shall repay the amount of taxes on property that would have been payable had the property not been exempted. In addition, the District may terminate or modify the exemptions from taxation granted under the agreement if the terms of the agreement are not met.

A summary of the taxes foregone on the District's abatement programs for the year ended June 30, 2019 follows:

Program	Tax Abated	Amount
Enterprise Zone Agreements	Property Tax	$5,818

NOTE 10 - RECEIVABLES

Receivables at June 30, 2019 consisted of property taxes, income taxes and accounts (student fees) 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 year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
General Fund	$59,378

NOTE 11 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2019 was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Nondepreciable Capital Assets:				
Land	$806,734	$0	$0	$806,734
Construction in Progress	0	2,146,914		2,146,914
Total Nondepreciable Capital Assets	806,734	2,146,914	0	2,953,648
Depreciable Capital Assets:				
Land Improvements/Infrastructure	5,834,609	61,810	0	5,896,419
Buildings and Improvements	20,402,405	315,496	0	20,717,901
Furniture, Fixtures and Equipment	8,329,581	193,943	(12,412)	8,511,112
Vehicles	2,083,296	131,658	(296,561)	1,918,393
Total Depreciable Capital Assets	36,649,891	702,907	(308,973)	37,043,825
Total Capital Assets	37,456,625	2,849,821	(308,973)	39,997,473
Accumulated Depreciation:				
Land Improvements/Infrastructure	(1,084,443)	(161,850)	0	(1,246,293)
Buildings and Improvements	(3,729,485)	(431,057)	0	(4,160,542)
Furniture, Fixtures and Equipment	(3,598,399)	(353,244)	8,528	(3,943,115)
Vehicles	(935,562)	(124,694)	284,094	(776,162)
Total Accumulated Depreciation	(9,347,889)	(1,070,845)	292,622	(10,126,112)
Total Net Capital Assets	$28,108,736	$1,778,976	($16,351)	$29,871,361

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

Instruction:	
Regular	$760,326
Special	1,626
Vocational	2,430
Support Services:	
Pupils	2,699
Instructional Staff	48,441
Board of Education	781
Administration	559
Operation and Maintenance of Plant	107,575
Pupil Transportation	122,871
Operation of Non-Instructional Services	2,980
Extracurricular Activities	20,557
Total Depreciation Expense	$1,070,845

NOTE 12 - RISK MANAGEMENT

The 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 2019, the District contracted with Liberty Mutual for professional and general liability insurance, fleet insurance, and property insurance. Coverage's provided are as follows:

Building and Contents ($2,500 deductible)	$49,610,814
Inland Marine Coverage ($250 deductible)	50,000
Automobile Liability: ($1,000 deductible for collision and $1,000 comprehensive)	
Each Accident	1,000,000
Aggregate Limit per Year	3,000,000
Professional and General Liability:	
Each Occurrence	1,000,000
Aggregate Limit per Year	2,000,000
Umbrella Liability	2,000,000
Public Officials Bonds:	
Treasurer	100,000
Superintendent	74,000
Board President	74,000
Public Employee Dishonesty	25,000

***NOTE 12 - RISK MANAGEMENT* - (Continued)**

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

For fiscal year 2019, the District participated with Sheakley Uniservice Inc. (the "Plan"), an insurance purchasing pool (Note 22). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The District provides medical, prescription and dental insurance for its employees. Premiums are paid directly to the South Central Ohio Insurance Consortium (SCOIC). SCOIC contracted with Jefferson Health Plan, formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members.

The District was self-funded with the South Central Ohio Insurance Consortium effective January 1, 2002.

The South Central Ohio Insurance Consortium was established to accumulate balances sufficient to self-insure basic medical and prescription drug coverage and permit excess umbrella coverage for claims over a predetermined level. The Board’s share and the employees’ share of premium contributions are determined by the negotiated agreement for certificated employees and by Board action for administrators and classified employees.

Premiums are paid to the South Central Ohio Insurance Consortium Fund from the Self Insurance Fund of the District. The cash balance with the fiscal agent at June 30, 2019, was $2,475,460. Claims payments are made on an as-incurred basis by the third party administrator, with the balance of contributions remaining with the Fiscal Agent of the Consortium.

The member districts are self insured for medical, dental and pharmacy benefits. The risk for medical, dental and pharmacy benefits remains with the member districts. The claims payable will be reported for medical, dental and pharmacy claims as of June 30, 2019, and cash with fiscal agent for the balance of funds held by the Consortium that covers medical, dental and pharmacy claims will be reported.

The claims liability of $433,465 supported at June 30, 2019 is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs related 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. Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2018	$527,800	$2,386,017	$2,355,798	$558,019
2019	558,019	2,444,174	2,568,728	433,465

NOTE 13 - 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 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 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 –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

***NOTE 13 - DEFINED BENEFIT PENSION PLANS* - (Continued)**

	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 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2018, will be included in this plan.

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

An individual whose benefit effective date is before April 1, 2018 is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $407,962 for fiscal year 2019. Of this amount, $0 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

***NOTE 13 - DEFINED BENEFIT PENSION PLANS* - (Continued)**

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2017, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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 Statement No. 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, employer rate was 14 percent and the plan members were also required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $1,119,304 for fiscal year 2019. Of this amount $184,916 is reported as an intergovernmental payable.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability			
Current Measurement Date	0.08284680%	0.06859155%	
Prior Measurement Date	0.07634350%	0.06736389%	
Change in Proportionate Share	0.00650330%	0.00245326%	
Proportionate Share of the Net			
Pension Liability	$4,744,790	$15,081,742	$19,826,532
Pension Expense	$483,161	$1,614,547	$2,097,708

At June 30, 2019, the 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	$260,221	$348,130	$608,351
Change in Assumptions	107,148	2,672,769	2,779,917
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	234,628	499,479	734,107
District Contributions Subsequent to the Measurement Date	407,962	1,119,304	1,527,266
Total Deferred Outflows of Resources	$1,009,959	$4,639,682	$5,649,641
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$0	$98,493	$98,493
Net Differences between Projected and Actual Investment Earnings	131,462	914,541	1,046,003
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	89,375	0	89,375
Total Deferred Inflows of Resources	$220,837	$1,013,034	$1,233,871

$1,527,266 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 13 - DEFINED BENEFIT PENSION PLANS **-** (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$454,584	$1,488,395	$1,942,979
2021	122,604	1,024,134	$1,146,738
2022	(155,711)	140,232	($15,479)
2023	(40,317)	(145,417)	($185,734)
Total	$381,160	$2,507,344	$2,888,504

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, 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	3.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major 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 earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$6,683,394	$4,744,790	$3,119,400

***NOTE 13 - DEFINED BENEFIT PENSION PLANS* - (Continued)**

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.5% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.0 %, 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, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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%	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

***NOTE 13 - DEFINED BENEFIT PENSION PLANS* - (Continued)**

Discount Rate **-** The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net Pension Liability	$22,024,898	$15,081,742	$9,205,302

NOTE 14 - 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 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the 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.

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

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 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 2019, 0.5 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 2019, this amount was $21,600. 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 2019, the District's surcharge obligation was $48,460.

The surcharge, added 0.5 percent to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $15,110 for fiscal year 2019. Of this amount $0 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.

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, 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, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.07709590%	0.06736389%	
Current Measurement Date	0.08328880%	0.06859155%	
Change in Proportionate Share	0.00619290%	0.00122766%	
Proportionate Share of the Net			
OPEB Liability/Asset	$2,310,656	($1,102,196)	$1,208,460
OPEB Expense	$113,457	($2,383,346)	($2,269,889)

At June 30, 2019, the 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	$37,718	$128,738	$166,456
Changes in Proportion and Differences between District Contributions and proportionate share of Contributions	155,654	43,748	199,402
District contributions subsequent to the measurement date	63,570	0	63,570
Total Deferred Outflows of Resources	$256,942	$172,486	$429,428
Deferred Inflows of Resources			
Differences between expected and actual experience	0	64,217	64,217
Net difference between projected and Actual Investment	$3,466	$125,915	$129,381
Changes of assumptions	207,595	1,501,830	1,709,425
Total Deferred Inflows of Resources	$211,061	$1,691,962	$1,903,023

$63,570 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	($55,715)	($272,586)	($328,301)
2021	(37,270)	($272,586)	(309,856)
2022	21,140	($272,584)	(251,444)
2023	22,614	($250,808)	(228,194)
2024	22,374	(230,549)	(208,175)
Thereafter	9,168	(220,363)	(211,195)
Total	($17,689)	($1,519,476)	($1,537,165)

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.

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 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.

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

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, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 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 3.62 percent, as of June 30, 2018 (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 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 (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	$2,803,800	$2,310,656	$1,920,179

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

	1% Decrease (6.25 % decreasing to 3.75%)	Current Trend Rate (7.25 % decreasing to 4.75%)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	$1,864,276	$2,310,656	$2,901,744

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 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, 2018, 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 the blended rate 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended 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 available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. 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 at June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset 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. Also shown is the net OPEB asset 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	$944,685	$1,102,196	$1,234,577

*NOTE 14 - **DEFINED BENEFIT OPEB PLANS*** – (Continued)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$1,227,104	$1,102,196	$975,343

*NOTE 15 - **LONG-TERM LIABILITIES***

The changes in the District's long-term liabilities during fiscal year 2019 were as follows:

	Issue Date	Interest Rate	Principal Balance at July 1, 2018	Additions	Deletions	Principal Balance at June 30, 2019	Amount Due In One Year
Governmental Activities:							
School Improvement Bonds	2010	5.80%	$8,670,000	$0	$975,000	$7,695,000	$1,005,000
Energy Conservation Bonds	2012	3.70%	375,000	0	30,000	345,000	35,000
General Obligation Refunding Bonds:							
Serial Bonds	2013	2-4%	2,530,000	0	0	2,530,000	0
Capital Appreciation Bonds	2013	37.00%	13,476	0	3,926	9,550	2,796
Accretion on Capital Appreciation Bonds	2013	37.00%	58,940	24,647	21,074	62,513	22,204
General Obligation Refunding Bonds	2017	3-4%	8,000,000		0	8,000,000	0
School Improvement Bond A							
Serial Bonds	2019	3-5%	0	6,110,000	0	6,110,000	275,000
Term Bonds	2019	3.5-5%	0	15,390,000	0	15,390,000	0
School Improvement Bond B							
Serial Bonds	2019	3-4%	0	4,600,000	0	4,600,000	1,000,000
Term Bonds	2019	3.5-5%	0	3,900,000	0	3,900,000	0
Add Deferred Amounts:							
Premium on Bonds			1,120,377	2,524,423	56,571	3,588,229	124,802
Total General Obligation Bonds			20,767,793	32,549,070	1,086,571	52,230,292	2,464,802
Net Pension Liability:							
STRS			16,002,436	0	920,694	15,081,742	0
SERS			4,561,355	183,435	0	4,744,790	0
Total Net Pension Liability			20,563,791	183,435	920,694	19,826,532	0
Net OPEB Liability:							
STRS			2,628,290	0	2,628,290	0	0
SERS			2,069,051	241,605	0	2,310,656	0
Total Net OPEB Liability			4,697,341	241,605	2,628,290	2,310,656	0
Capital Leases			386,688	182,786	278,751	290,723	277,095
Compensated Absences			573,865	342,025	334,059	581,831	83,391
Total Governmental Activities Long-Term Liabilities			$46,989,478	$33,498,921	$5,248,365	$75,240,034	$2,825,288

***NOTE 15 - LONG-TERM LIABILITIES* - (Continued)**

School Improvement Bonds – Buildings and Improvements – In April 2010, school improvement bonds at 5.80% interest were issued in the amount of $26,500,000, as a result of the District being approved for school facilities funding through the State Department of Education for the renovation of the High School Building and to construct a new grades 5-8 middle school building. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2037. The District issued the general obligation bonds to provide a partial cash match to the school facilities funding. As a requirement of the school facilities funding program, the District passed a 5.8 mill levy in November 2009. These bonds will be retired through the Bond Retirement Fund using these tax revenues.

Energy Conservation Bonds – In June 2012, energy conservation bonds at 3.70% interest were issued in the amount of $515,229. The bonds are to be used for energy conservation measures including installations, modifications or remodeling to reduce energy consumption in buildings owned by the District. The bonds were issued for fifteen year period with final maturity at December 2027. These bonds will be retired through the Bond Retirement Fund.

General Obligation Refunding Bonds – In June 2013, general obligation refunding bonds were issued in the amount of $10,761,731 for the purpose of refunding a portion of the 2010 School Improvement Bonds. $3,505,000 was issued as serial bonds with interest rates ranging from 2.00% to 4.00%. $6,145,000 was issued as term bonds with interest rates ranging from 3.50% to 4.00%. $1,085,000 was issued as taxable serial bonds with interest rates ranging from 3.50% to 3.65%. Finally, $26,732 was issued as capital appreciation bonds with an interest rate of 37.00%. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of $568,518 and a reduction of $859,540 in future debt service payments. The bonds were issued for a twenty-five year period, with final maturity December 1, 2037. The bonds will be retired through the Bond Retirement Fund.

General Obligation Refunding Bonds – In October 2016, general obligation refunding bonds were issued in the amount of $8,000,000 for the purpose of refunding a portion of the 2013 Serial Bonds, the 2013 Term Bonds and the 2013 Taxable Serial Bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of $363,614 and a reduction of $479,739 in future debt service payments. The bonds were issued for a twenty year period, with final maturity December 1, 2037. The bonds will be retired through the Bond Retirement Fund.

School Improvement Bonds – In July 2018, school improvement bonds A and B were issued in the amount of $21,500,000 and $8,500,000 for the construction of a new elementary school. The $2,524,423 premium on the issuance of the serial bonds is netted against this debt and is being amortized over the life of the debt. The serial bonds are retired through the Bond Retirement Fund using tax revenues.

Mandatory Sinking Fund Redemption

The Series 2018A Bonds due November 1, 2038 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2036 and each November 1, thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2036	$510,000
2037	530,000

Unless otherwise called for redemption, the remaining $545,000 principal amount of the Series 2018A Bonds due November 1, 2038 is to be paid at stated maturity.

***NOTE 15 - LONG-TERM LIABILITIES* -** (Continued)

The Series 2018A Bonds due November 1, 2043 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2039 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2039	$565,000
2040	585,000
2041	610,000
2042	630,000

Unless otherwise called for redemption, the remaining $655,000 principal amount of the Series 2018A Bonds due November 1, 2043 is to be paid at stated maturity.

The Series 2018A Bonds due November 1, 2048 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2044 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2044	$675,000
2045	710,000
2046	745,000
2047	785,000

Unless otherwise called for redemption, the remaining $820,000 principal amount of the Series 2018A Bonds due November 1, 2048 is to be paid at stated maturity.

The Series 2018A Bonds due November 1, 2055 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2049 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2049	$865,000
2050	905,000
2051	950,000
2051	1,000,000
2053	1,050,000
2054	1,100,000

Unless otherwise called for redemption, the remaining $1,155,000 principal amount of the Series 2018A Bonds due November 1, 2055 is to be paid at stated maturity.

***NOTE 15 - LONG-TERM LIABILITIES* - (Continued)**

The Series 2018B Bonds due November 1, 2035 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2032 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2032	$315,000
2033	335,000
2034	345,000

Unless otherwise called for redemption, the remaining $365,000 principal amount of the Series 2018B Bonds due November 1, 2035 is to be paid at stated maturity.

The Series 2018B Bonds due November 1, 2038 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2036 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2036	$385,000
2037	395,000

Unless otherwise called for redemption, the remaining $415,000 principal amount of the Series 2018B Bonds due November 1, 2038 is to be paid at stated maturity.

The Series 2018B Bonds due November 1, 2041 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2039 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2039	$425,000
2040	450,000

Unless otherwise called for redemption, the remaining $470,000 principal amount of the Series 2018B Bonds due November 1, 2041 is to be paid at stated maturity.

Optional Redemption

The Bonds maturing on or after November 1, 2029 are subject to optional redemption prior, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after November 1, 2028 at par plus accrued interest thereon.

***NOTE 15 - LONG-TERM LIABILITIES* - (Continued)**

If fewer than all of the outstanding Bonds of a single maturity are called for redemption, the selection of the Bonds to be redeemed, or portions thereof in amount of $5,000 or any integral multiple thereof, shall be made by lot by the Paying Agent and Registrar in any manner which the Paying Agent and Registrar may determine. In the case of a partial redemption of Bonds when Bonds of denominations greater than $5,000 are then outstanding, each $5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of $5,000. If one or more, but not all, of such $5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a $5,000 unit or units, the registered holder of that Bond shall surrender the Bond to the Paying Agent and Registrar (a) for payment of the redemption price for the $5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium). And (b) for issuance, without charge to the registered holder thereof, of a new Bond or Bonds of the same series, of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

The notice of call for redemption of Bonds shall identify (i) by designation, letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, and (iv) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Paying Agent and Registrar on behalf of the Board of Education by mailing a copy of the redemption notice by regular first class mail, at least 30 days prior to the date fixed for redemption, to the registered holder of each Bond subject to redemption in whole or in part at such registered holder's address shown on the Bond registration records on the fifteenth day preceding that mailing. Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any Bond. Notice having been mailed in the manner provided above, the Bonds and portions thereof called for redemption shall become due and payable on the redemption date and on such redemption date, interest on such Bonds or portions thereof so called shall cease to accrue; and upon presentation and surrender of such Bonds or portions thereof at the place or places specified in that notice, such Bonds or portions thereof shall be paid at the redemption price, including interest accrued to the redemption date.

The District pays obligations related to employee compensation from the fund benefitting from their service. The compensated absences are paid from the fund from which the respective employees' salaries are paid. Most of the District's employees are paid from the General Fund, with the remainder being paid from the Title VI-B and Title I Funds.

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District's voted legal debt margin was $14,564,120 with an unvoted debt margin of $378,644 at June 30, 2019. The District was granted permission to exceed the voted debt limit of 9% of their total assessed valuation by the State Superintendent of Public Instruction and the Ohio Department of Taxation before issuing these bonds.

***NOTE 15 - LONG-TERM LIABILITIES* - (Continued)**

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2019 are as follows:

Year Ending June 30	General Obligation Refunding Bonds: Serial Bonds Principal	General Obligation Refunding Bonds: Serial Bonds Interest	General Obligation Refunding Bonds: Capital Appreciation Bonds Principal	General Obligation Refunding Bonds: 2017 Refunding Principal	General Obligation Refunding Bonds: 2017 Refunding Interest	School Improvement Bonds Principal	School Improvement Bonds Interest
2020	$0	$80,200	$25,000	$0	$300,100	$1,005,000	$870,000
2021	0	80,200	25,000	0	300,100	1,035,000	870,000
2022	0	80,200	25,000	0	300,100	1,065,000	870,000
2023	0	80,200	25,000	0	300,100	1,095,000	870,000
2024	0	80,200	25,000	0	300,100	1,130,000	870,000
2025-2029	0	401,000	150,000	2,080,000	1,379,700	2,365,000	1,305,000
2030-2034	2,530,000	124,560	0	1,830,000	1,012,100	0	0
2035-2038	0	0	0	4,090,000	274,050	0	0
Total	$2,530,000	$926,560	$275,000	$8,000,000	$4,166,350	$7,695,000	$5,655,000

Year Ending June 30	Energy Conservation Bonds Principal	Energy Conservation Bonds Interest	School Improvement Bonds A Principal	School Improvement Bonds A Interest	School Improvement Bonds B Principal	School Improvement Bonds B Interest	Totals Principal	Totals Interest
2020	$35,000	$12,118	$275,000	$935,893	$1,000,000	$327,526	$2,340,000	$2,525,837
2021	35,000	10,822	280,000	927,568	855,000	299,701	2,230,000	2,488,391
2022	35,000	9,528	290,000	919,743	190,000	283,076	1,605,000	2,462,647
2023	35,000	8,232	300,000	911,618	210,000	275,076	1,665,000	2,445,226
2024	40,000	6,845	305,000	903,687	225,000	266,376	1,725,000	2,427,208
2025-2029	165,000	12,555	1,680,000	4,366,668	1,250,000	1,188,380	7,690,000	8,653,303
2030-2034	0	0	2,030,000	4,000,680	1,520,000	906,380	7,910,000	6,043,720
2035-2039	0	0	2,535,000	3,485,293	1,905,000	519,691	8,530,000	4,279,034
2040-2044	0	0	3,045,000	2,974,111	1,345,000	103,125	4,390,000	3,077,236
2045-2049	0	0	3,735,000	2,241,375	0	0	3,735,000	2,241,375
2050-2054	0	0	4,770,000	1,183,250	0	0	4,770,000	1,183,250
2055-2056	0	0	2,255,000	114,125	0	0	2,255,000	114,125
Total	$345,000	$60,100	$21,500,000	$22,964,011	$8,500,000	$4,169,331	$48,845,000	$37,941,352

NOTE 16 - CAPITAL LEASE - LESSEE DISCLOSURE

The District has four capital lease agreements for nine buses for the District in the amount of $759,259. During fiscal year 2019, the District entered into a new lease for two buses in the amount of $182,786.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2019:

Fiscal Year Ending June 30,	General Fund Capital Lease Payments
2020	$234,463
2021	63,629
Total	298,092
Less: Amount Representing Interest	7,369
Present Value of Net Minimum Lease Payments	$290,723

NOTE 17 - INTERFUND ACTIVITY

Transfers From	Transfers To Bond Retirement
General	$43,320

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of $43,320 is the result of transfers from the General Fund to the Bond Retirement Fund for debt-energy conservation.

NOTE 18 – FUND BALANCES

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

	General	Bond Retirement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaids	$12,975	$0	$0	$0	$12,975
Endowment	0	0	0	10,000	10,000
Total Nonspendable	12,975	0	0	10,000	22,975
Restricted:					
Special Revenues:					
Athletics	0	0	0	93,496	93,496
Local Grants	0	0	0	3,334	3,334
Debt Service	0	4,109,905	0	0	4,109,905
Capital Projects	0	0	29,158,015	257,157	29,415,172
Endowment	0	0	0	22,476	22,476
Total Restricted	0	4,109,905	29,158,015	376,463	33,644,383
Assigned:					
Encumbrances for:					
Regular Instruction	4,074	0	0	0	4,074
Student Intervention Services	86	0	0	0	86
Vocational Instruction	173	0	0	0	173
Pupils	4,471	0	0	0	4,471
Instructional Staff	2,078	0	0	0	2,078
Board of Education	2,300	0	0	0	2,300
Administration	5,274	0	0	0	5,274
Fiscal	1,758	0	0	0	1,758
Operation & Maintenance	10,611	0	0	0	10,611
Pupil Transportation	19,773	0	0	0	19,773
Central	3,732	0	0	0	3,732
Extracurricular Activities	605	0	0	0	605
Public School Support	23,120	0	0	0	23,120
Future Appropriations	169,479	0	0	0	169,479
Capital Projects	0	0	0	16,034	16,034
Total Assigned	247,534	0	0	16,034	263,568
Unassigned	3,684,193	0	0	(121,439)	3,562,754
Total Fund Balances	$3,944,702	$4,109,905	$29,158,015	$281,058	$37,493,680

NOTE 19 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2019:

	Capital Improvements
Set-Aside Balance as of July 1, 2018	$0
Current Year Set-Aside Requirement	369,894
Qualifying Disbursements	(729,347)
Total	(359,453)
Set-Aside Reserve Balance as of June 30, 2019	$0

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

NOTE 20 – ENCUMBRANCE COMMITMENTS

At June 30, 2019, the District had encumbrance commitments in the governmental funds as follows:

Major Funds	
General	$54,935
Building	1,193,361
Nonmajor Funds	
Food Service	602
District Managed Activities	7,411
Total Nonmajor Funds	8,013
Total Encumbrances	$1,256,309

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META)

META is a jointly governed organization among school districts in Franklin, Fairfield, Madison, Pickaway and Union counties. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, the administrative and instructional functions among member districts. Each of the member districts support META based upon a per pupil charge, dependent upon services utilized. The governing board consists of a representative from each Franklin County district. Districts outside of Franklin County are associate members and each County selects a single district to represent them on the governing board. META is its own fiscal agent. The District paid $100,914 to META for services provided during fiscal year 2019. In accordance with GASB Statement No. 61, the District does not have any equity interest in META because the residual interest in the net resources of a joint venture upon dissolution is not equivalent to any equity interest.

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

South Central Ohio Insurance Consortium (SCOIC)

The SCOIC is a regional council of governments organized under Ohio Revised Code Section 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its members consisting of 19 entities within Fairfield, Fayette, Franklin, Hocking, Perry and Ross Counties. The governing board consists of the superintendent or other designees appointed by each of the members of the SCOIC. The participating members pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. The District serves as the fiscal agent for the SCOIC. The District joined the SCOIC on January 1, 2002. To obtain financial information, write to the Bloom-Carroll Local School District, Travis Bigam, who serves as Treasurer, at 5240 Plum Road, Carroll Ohio 43112.

State Support Team Region 11(SSRT11)

The State Support Team Region 11 (SSRT11) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in central Ohio which comprise sixty percent of the Board, two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Development Disabilities, representatives of universities and students and persons with disabilities representations. SSRT11 assists the District in complying with mandates of Public Law 99-456 for educating children with disabilities. There is no financial commitment made by the districts involved in SSRT11. SSRT11 is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council.

NOTE 22 - INSURANCE PURCHASING POOL

Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan

The District participates in a Worker's Compensation Group Rating Program (GRP), and insurance purchasing pool with the Sheakley Uniservice, Inc. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 23- CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2019, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

NOTE 23- CONTINGENCIES - (Continued)

C. School Foundation

School 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, the final FTE adjustment for the fiscal year ending June 30, 2019 was ($5,308).

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

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

Last Six Fiscal Years (1)

	2018	2017	2016
School Employees Retirement System of Ohio			
District's Proportion of the Net Pension Liability	0.08284680%	0.07634350%	0.07990910%
District's Proportionate Share of the Net Pension Liability	$4,744,790	$4,561,355	$5,848,609
District's Covered-Employee Payroll	$2,869,029	$2,769,771	$2,876,057
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	165.38%	164.68%	203.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	69.50%	62.98%
State Teachers Retirement System of Ohio			
District's Proportion of the Net Pension Liability	0.06859155%	0.06736389%	0.06736727%
District's Proportionate Share of the Net Pension Liability	$15,081,742	$16,002,436	$22,549,856
District's Covered-Employee Payroll	$7,959,429	$7,448,571	$7,101,543
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	189.48%	214.84%	317.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	75.30%	66.80%

(1) Information prior to 2013 is not available.

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

See accompanying notes to the required supplementary information.

2015	2014	2013
0.07974910%	0.08022200%	0.08022200%
$4,550,561	$4,059,990	$4,770,545
$3,006,064	$1,777,785	$2,766,828
151.38%	228.37%	172.42%
69.16%	71.70%	65.52%
0.06512550%	0.06441837%	0.06441837%
$17,998,783	$15,668,777	$18,664,544
$7,047,821	$7,180,014	$7,754,969
255.38%	218.23%	240.68%
72.10%	74.71%	69.30%

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BLOOM-CARROLL LOCAL SCHOOL DISTRICT

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

Last Three Fiscal Years (1)

	2018	2017	2016
School Employees Retirement System of Ohio			
District's Proportion of the Net OPEB Liability	0.08328880%	0.07709590%	0.07709590%
District's Proportionate Share of the Net OPEB Liability	$2,310,656	$2,069,051	$2,197,518
District's Covered-Employee Payroll	$2,869,029	$2,769,771	$2,876,057
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	80.54%	74.70%	76.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	12.46%	11.49%
State Teachers Retirement System of Ohio			
District's Proportion of the Net OPEB Liability	0.06859155%	0.06736389%	0.06736389%
District's Proportionate Share of the Net OPEB Asset	$1,102,196	$0	$0
District's Proportionate Share of the Net OPEB Liability	$0	$2,628,290	$3,602,638
District's Covered-Employee Payroll	$7,959,429	$7,448,571	$7,101,543
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	13.85%	35.29%	50.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	47.10%	37.30%

(1) Information prior to 2016 is not available.

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

See accompanying notes to the required supplementary information.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Schedule of the District's Contributions
School Employees Retirement Systems of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Pension				
Contractually Required Contributions	$407,962	$387,319	$387,768	$402,648
Contributions in Relation to the Contractually Required Contributions	(407,962)	(387,319)	(387,768)	(402,648)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$3,021,943	$2,869,029	$2,769,771	$2,876,057
Contributions as a Percentage of Covered-Employee Payroll	13.50%	13.50%	14.00%	14.00%
OPEB				
Contractually Required Contributions (1)	$15,110	$14,345	$0	$0
Contributions in Relation to the Contractually Required Contributions	(15,110)	(14,345)	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$3,021,943	$2,869,029	$2,769,771	$2,876,057
Contributions as a Percentage of Covered-Employee Payroll	0.50%	0.50%	0.00%	0.00%

(1) Excludes surcharge amounts.

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

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
$396,199	$246,401	$382,929	$344,433	$261,816	$345,397
(396,199)	(246,401)	(382,929)	(344,433)	(261,816)	(345,397)
$0	$0	$0	$0	$0	$0
$3,006,064	$1,777,785	$2,766,828	$2,560,840	$2,082,864	$2,550,938
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
$24,650	$2,489	$4,427	$14,085	$29,785	$37,244
(24,650)	(2,489)	(4,427)	(14,085)	(29,785)	(37,244)
$0	$0	$0	$0	$0	$0
$3,006,064	$1,777,785	$2,766,828	$2,560,840	$2,082,864	$2,550,938
0.82%	0.14%	0.16%	0.55%	1.43%	1.46%

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Schedule of the District's Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2019	2018	2017	2016
Pension				
Contractually Required Contributions	$1,119,304	$1,114,320	$1,042,800	$994,216
Contributions in Relation to the Contractually Required Contributions	(1,119,304)	(1,114,320)	(1,042,800)	(994,216)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$7,995,029	$7,959,429	$7,448,571	$7,101,543
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
OPEB				
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$7,995,029	$7,959,429	$7,448,571	$7,101,543
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
$986,695	$933,402	$1,008,146	$951,863	$963,785	$890,654
(986,695)	(933,402)	(1,008,146)	(951,863)	(963,785)	(890,654)
$0	$0	$0	$0	$0	$0
$7,047,821	$7,180,014	$7,754,969	$7,322,023	$7,413,731	$6,851,185
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$0	$71,906	$77,550	$73,220	$74,137	$68,512
0	(71,906)	(77,550)	(73,220)	(74,137)	(68,512)
$0	$0	$0	$0	$0	$0
$7,047,821	$7,180,014	$7,754,969	$7,322,023	$7,413,731	$6,851,185
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms - For fiscal year 2019, there were no changes to benefit terms.

Changes in assumptions - For fiscal year 2019, there were no changes in assumptions.

Other Postemployment Benefits

Changes in benefit terms - For fiscal year 2019, there were no changes to benefit terms.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changes as follows:
    - Medicare – 2018 - 5.50 to 5.00 percent, 2019 - 5.375 to 4.75 percent
    - Pre-Medicare – 2018 - 7.50 to 5.00 percent, 2019 - 7.25 to 4.75

Changes in assumptions - For fiscal year 2019, there were no changes in assumptions.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms - For fiscal year 2019, there were no changes to benefit terms.

Changes in assumptions - For fiscal year 2019, there were no changes in assumptions.

Other Postemployment Benefits

Changes in Benefit Terms

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO - Continued

Changes in Assumptions

For Fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
  - Medical Medicare – 6 percent initial, 4 percent ultimate
  - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
  - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
  - Prescription Drug Pre-Medicare-5.23 percent initial, 4 percent ultimate

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BLOOM-CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster			
Cash Assistance			
School Breakfast Program	10.553	N/A	$42,522
National School Lunch Progrma	10.555	N/A	177,314
Non-Cash Assistance			
National School Lunch Program	10.555	N/A	57,238
Total Child Nutrition Cluster			277,074
Total U.S. Department of Agriculture			**277,074**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	N/A	99,682
Special Education Cluster			
Special Education Grants to States	84.027	N/A	396,846
Special Education Preschool Grants	84.173	N/A	17,795
Total Special Education Cluster			414,641
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	11,078
Improving Teacher Quality State Grants	84.367	N/A	40,081
Total U.S. Department of Education			**565,482**
Total Expenditures of Federal Awards			**$842,556**

The accompanying notes are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Bloom-Carroll Local School District (the District's) under programs of the federal government for the year ended June 30, 2019**.** 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 District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - 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 E – 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 program that benefitted from the use of those donated food commodities.

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2019 to 2020 programs:

Program Title	CFDA Number	Amt. Transferred
Special Education - Grants to States	84.027	88,183.56
Title II-A	84.367	4,032.58

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

Bloom-Carroll Local School District
Fairfield County
5240 Plum Road
Carroll, Ohio 43112

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom-Carroll Local School District, Fairfield County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and/or corrective action plan. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

February 21, 2020

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

Bloom-Carroll Local School District
Fairfield County
5240 Plum Road
Carroll, Ohio 43112

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Bloom-Carroll Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Bloom-Carroll Local School District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Bloom-Carroll Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State

Columbus, Ohio

February 21, 2020

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019

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)?**	Yes
(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)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Special Education Cluster: CFDA # 84.027 and 84.173
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2019-001

Financial Statement Presentation- Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

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

FINDING NUMBER 2019-001 (Continued)

Financial Statement Presentation- Material Weakness (Continued)

In Fiscal Year 2019, the District had the following errors identified and subsequently adjusted their financial statements within governmental activities, bond retirement fund, building fund, and other governmental funds.

- The District posted $309,355 as Bond Issuance costs within the Building fund rather than Interest and Fiscal Charges within the Bond Retirement fund.

- The District posted $309,355 as Premium on Bonds Issued within the Building fund rather than within the Bond Retirement fund.

- The District posted $257,157 within Other Governmental funds as Assigned Fund Balance rather than Restricted Fund Balance.

Presenting inaccurate financial information could result in significant modifications to the District's financial statements.

To help reduce posting errors and increase reliability of the financial data, we recommend the District review controls over posting transactions to accounting records. The errors identified should be reviewed by the Treasurer and the Board to prevent similar errors from being reported improperly in subsequent years.

Officials' Response The District does not agree with this adjustment as it relates to bond issuance costs and not interest and fiscal charges. The bond issuance costs from FY 2010 (most recent bond issue for the District) were posted to the Building Fund in the audit report as approved by the Auditor of State.

We have modified our method of accounting for the adjustments listed in finding 2019-001 and 2019-002.

Auditor of State's Conclusion: Although we understand the posting of the 2019 bond issuance may have been treated the same as the 2010 bond issuance, ORC 133.32(B) states the premium and accrued interest should be posted to the Bond Retirement Fund and not the Building Fund.

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

FINDING NUMBER 2019-002

Debt Premiums Noncompliance

Ohio Rev. Code § 133.32(B) states "any amount received as payment of premium and accrued interest, and if determined by the taxing authority of the fiscal officer any amount for capitalized interest, and in the case of securities maturing over five or more years any amount provided for in the proceedings as a reserve for debt charges, not exceeding the highest debt charges on the securities in any fiscal year, shall be paid into the bond retirement fund and credited to accounts provided in the legislation."

The District received a premium of $2,524,423 during Fiscal Year 2019 from a bond issuance and incorrectly posted $309,355 of this premium to the Building Fund instead of the Bond Retirement Fund.

Failure to accurately post the premium received to the financial statements resulted in material noncompliance.

We recommend the District implement control procedures to help review and ensure financial information is appropriately recorded on the financial statements.

Officials' Response The District does not agree with this adjustment as it relates to bond issuance costs and not interest and fiscal charges. The bond issuance costs from FY 2010 (most recent bond issue for the District) were posted to the Building Fund in the audit report as approved by the Auditor of State.

We have modified our method of accounting for the adjustments listed in finding 2019-001 and 2019-002.

Auditor of State's Conclusion: Although we understand the posting of the 2019 bond issuance may have been treated the same as the 2010 bond issuance, ORC 133.32(B) states the premium and accrued interest should be posted to the Bond Retirement Fund and not the Building Fund.

3. FINDINGS FOR FEDERAL AWARDS

None

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BLOOM-CARROLL LOCAL SCHOOL DISTRICT

5240 Plum Road NW, P.O. Box 338
Carroll, OH 43112
www.bloomcarroll.org

Our Students • Their Futures • Our Focus

SUPERINTENDENT
Shawn Haughn
614-837-6560
Fax: 740-756-4221

TREASURER
Travis Bigam
614-834-6707
Fax: 740-756-4221

HIGH SCHOOL (9-12)
Nathan Conrad, Principal
Jan Wisecarver, Jr.
Assistant Principal
740-756-4317 or
614-837-0786
Fax: 740-756-9525

MIDDLE SCHOOL (5-8)
Chad Young Principal
Scott Matchett, Asst. Principal
614-837-6205 or
740-756-9231
Fax: 740-756-7466

B-C PRIMARY (K-2)
Vicky Pease, Principal
740-756-4326 or
614-837-6731
Fax: 740-756-7551

B-C INTERMEDIATE (3-4)
Stephen Rozeski, Principal
614-837-4044
Fax: 614-837-8144

ACTIVITIES/ATHLETICS
Chad Little, Director
614-837-6205 or
740-756-9231
Fax: 740-756-7466

STUDENT SERVICES
Jodi Ranegar, Curriculum &
Communications
Cynthia Freeman,
Special Ed. Director
Katie Wentz, School
Psychologist
614-837-6560 or
614-834-6729
Fax: 740-756-4221
Mark Thomas, Instructional
Technology
740-756-9798

DISTRICT REGISTRAR
Michelle Scott
614-834-6729
Fax: 740-756-4221

SUPPORT SERVICES
Carmen Spelman,
Transportation
John Pugh, Maintenance
614-834-6706 or 6709
Fax: 740-756-4085

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2019

Finding Number: 2019-001

Planned Corrective Action: We have modified our method of accounting for the adjustments listed in findings 2019-001.

Anticipated Completion Date: 02/20/2020

Responsible Contact Person: Travis Bigam

Finding Number: 2019-002

Planned Corrective Action: We have modified our method of accounting for the adjustments listed in findings 2019-002

Anticipated Completion Date: 02/20/2020

Responsible Contact Person: Travis Bigam

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OHIO AUDITOR OF STATE
KEITH FABER

BLOOM CARROLL LOCAL SCHOOL DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 19, 2020