MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 School 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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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

Emphasis of Matter

As discussed in Notes 3 and 24 to the financial statements, during 2018, the School District and its discretely presented component units adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, and Schedules of Net Pension and Other Postemployment Benefit Liabilities and Pension and Other Postemployment 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 School District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2019, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2019

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

Financial Highlights

Key financial highlights for the fiscal year 2018 are as follows:

- Net position of governmental activities increased $12,298,253.

- General revenues accounted for $17,627,044 in revenue or 66 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $9,247,277, 34 percent of total revenues of $26,874,321.

- The School District had $14,576,068 in expenses related to governmental activities; only $9,247,277 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of $17,627,044 were adequate to provide for these programs.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

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

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 13. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's general fund was the only major governmental fund.

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

Proprietary Funds Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows.

Fiduciary Funds Fiduciary funds focus on net position and changes in net position.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2018 compared to 2017.

	Governmental Activities		
	2018	2017	Change
Assets			
Current and Other Assets	$12,982,930	$10,770,065	$2,212,865
Capital Assets	26,714,432	27,901,320	(1,186,888)
Total Assets	39,697,362	38,671,385	1,025,977
Deferred Outflows of Resources			
Deferred Charge on Refunding	32,935	41,169	(8,234)
Pension	7,384,328	6,670,845	713,483
OPEB	247,454	50,876	196,578
Total Deferred Outflows of Resources	7,664,717	6,762,890	901,827
Liabilities			
Current and Other Liabilities	3,506,020	3,341,236	164,784
Long-Term Liabilities:			
Due Within One Year	425,015	458,569	(33,554)
Net Pension Liability	24,874,938	36,015,060	(11,140,122)
Net OPEB Liability	5,653,154	7,412,756	(1,759,602)
Other Amounts Due in More Than One Year	2,674,490	2,946,126	(271,636)
Total Liabilities	37,133,617	50,173,747	(13,040,130)
Deferred Inflows of Resources			
Property Taxes	2,562,880	2,761,332	(198,452)
Pension	2,672,074	779,285	1,892,789
OPEB	975,344	0	975,344
Total Deferred Inflows of Resources	6,210,298	3,540,617	2,669,681
Net Position			
Net Investment in Capital Assets	25,140,025	25,861,862	(721,837)
Restricted	1,326,256	1,227,876	98,380
Unrestricted (Deficits)	(22,448,117)	(35,369,827)	12,921,710
Total Net Position	$4,018,164	($8,280,089)	$12,298,253

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB

75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($918,209) to ($8,280,089).

Total assets increased $1,025,977. Current and other assets increased $2,212,865 which was mainly due to an increase in cash and cash equivalents in the amount of $1,663,061 and an increase in property taxes receivable in the amount of $530,532. Cash and cash equivalents increased primarily due to the full repayment of the athletic facility lease during fiscal year 2016 which resulted in a savings of $347,308 each year for fiscal years 2017 and 2018. The School District also realized an increase in State foundation funding in the amount of $521,123. The School District also realized an increase in property taxes revenue which is a result of an increase in the assessed valuation in the amount of $1,810,170. The $1,186,888 decrease in capital assets was mainly due to current year depreciation expenses exceeding current year capital asset purchases. Current year depreciation was in the amount of $1,391,419 while purchases of capital assets were $206,250.

Total liabilities decreased $13,040,130. The main reason for the decrease is due to a decrease in the net pension liability in the amount of $11,140,122 and a decrease in net OPEB liability in the amount of $1,759,602. Current and other liabilities remained fairly consistent from fiscal year 2017 to 2018, reflecting an increase in the amount of $164,784 due to slight increases in various current and other liabilities. Claims payable increased in the amount of $111,262, accrued wages and benefits payable increased in the amount of $44,761, and vacation benefits payable increased in the amount of $14,430. Claims payable increased due to larger claims in fiscal year 2018 compared to fiscal year 2017. Accrued wages and benefits payable reflect increases due to an increase in employee wages and increases in insurance costs. Vacation benefits payable increased due to an increase in employee earnings and an increase in unused vacation leave in fiscal year 2018 compared to fiscal year 2017. Long-term liabilities for due within one year and other amounts due in more than one year decreased a total of $305,190 primarily due to the payment of $285,000 on the School Improvement Refunding General Obligation Term Bonds and the amortization of $10,933 for the bond premium. The School District made capital lease principal payments in the amount of $164,992 for copiers, computer equipment, buses, and a chiller. During fiscal year 2018, the School District paid in full the capital leases for the computer equipment and the chiller. The School District did not enter into any new capital lease during fiscal year 2018. Compensated absences payable increased in the amount of $155,735.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2018 and comparisons to fiscal year 2017.

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Table 2 - Changes in Net Position

	Governmental Activities		
Revenues	2018	2017	Change
Program Revenues			
Charges for Services	$4,748,286	$4,736,447	$11,839
Operating Grants, Contributions, and Interest	4,498,662	4,512,855	(14,193)
Capital Grants and Contributions	329	0	329
Total Program Revenues	9,247,277	9,249,302	(2,025)
General Revenues			
Property Taxes	4,559,073	3,114,560	1,444,513
Grants and Entitlements	12,778,422	12,436,737	341,685
Investment Earnings	57,302	21,310	35,992
Gain on Sale of Capital Assets	5,281	35	5,246
Miscellaneous	226,966	195,072	31,894
Total General Revenues	17,627,044	15,767,714	1,859,330
Total Revenues	26,874,321	25,017,016	1,857,305
Program Expenses			
Instruction			
Regular	5,038,978	12,244,809	(7,205,831)
Special	1,854,535	3,630,682	(1,776,147)
Vocational	95,715	212,127	(116,412)
Intervention	172,506	425,041	(252,535)
Support Services			
Pupils	663,732	1,023,838	(360,106)
Instructional Staff	313,537	394,167	(80,630)
Board of Education	82,530	92,073	(9,543)
Administration	956,344	2,245,982	(1,289,638)
Fiscal	441,415	484,922	(43,507)
Operation and Maintenance of Plant	1,961,410	2,121,990	(160,580)
Pupil Transportation	1,046,352	1,115,731	(69,379)
Central	61,219	70,689	(9,470)
Operation of Non-Instructional Services			
Food Service Operations	1,124,558	1,314,315	(189,757)
Other	10,665	13,457	(2,792)
Extracurricular Activities	668,562	734,217	(65,655)
Interest and Fiscal Charges	84,010	104,436	(20,426)
Total Expenses	14,576,068	26,228,476	(11,652,408)
Change in Net Position	12,298,253	(1,211,460)	13,509,713
Net Position Beginning of Year	(8,280,089)	N/A	
Net Position End of Year	$4,018,164	($8,280,089)	$12,298,253

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $50,876 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $918,473. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$14,576,068
Negative OPEB expense under GASB 75	918,473
2018 contractually required contribution	62,363
Adjusted 2018 program expenses	15,556,904
Total 2017 program expenses under GASB 45	26,228,476
Decrease in program expenses not related to OPEB	($10,671,572)

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS also decreased their COLA assumption. (See Note 12) As a result of these changes, pension expense decreased from $2,703,067 in fiscal year 2017 to a negative pension expense of $8,282,592 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

	2018 Program Expenses Related to Negative Pension Expense
Program Expenses	
Instruction:	
Regular	($3,003,424)
Special	(1,253,390)
Vocational	(21,945)
Support Services:	
Pupils	(197,377)
Instructional Staff	(211,034)
Administration	(748,723)
Fiscal	(158,949)
Operation and Maintenance of Plant	(581,018)
Pupil Transportation	(1,059,138)
Operation of Non-Instructional Services:	
Food Service Operations	(1,016,706)
Extracurricular Activities	(30,888)
Total Expenses	($8,282,592)

The changes in net position schedule clearly demonstrates the dependence upon tax revenues and State subsidies for governmental activities. Only 34 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 66 percent is provided through taxes and entitlements.

Net position increased by $12,298,253 in fiscal year 2018. Overall revenues reflect an increase in the amount of $1,857,305. Program revenues decreased in the amount of $2,025 and general revenues increased in the amount of $1,859,330. The $1,444,513 increase in property taxes was mainly the result of change in collection dates set by the Muskingum County Auditor which increased the amount available as of fiscal year-end 2018 compared to fiscal year-end 2017. The increase in general revenue grants and entitlements in the amount of $341,685 was due to increases in State foundation revenues during fiscal year 2018.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3 - Governmental Activities

	2018 Total Cost of Services	2018 Net Cost of Services	2017 Total Cost of Services	2017 Net Cost of Services
Program Expenses				
Instruction:				
Regular	$5,038,978	$1,021,793	$12,244,809	$8,106,403
Special	1,854,535	(967,994)	3,630,682	938,889
Vocational	95,715	37,583	212,127	178,427
Intervention	172,506	129,157	425,041	376,069
Support Services:				
Pupils	663,732	631,277	1,023,838	978,152
Instructional Staff	313,537	224,652	394,167	295,482
Board of Education	82,530	82,530	92,073	92,073
Administration	956,344	932,966	2,245,982	2,193,159
Fiscal	441,415	395,117	484,922	436,971
Operation and Maintenance of Plant	1,961,410	1,217,702	2,121,990	1,426,237
Pupil Transportation	1,046,352	1,023,785	1,115,731	1,099,989
Central	61,219	55,018	70,689	59,902
Operation of Non-Instructional Services				
Food Service Operations	1,124,558	(11,392)	1,314,315	144,764
Other	10,665	617	13,457	4,326
Extracurricular Activities	668,562	471,970	734,217	543,895
Interest and Fiscal Charges	84,010	84,010	104,436	104,436
Totals	$14,576,068	$5,328,791	$26,228,476	$16,979,174

Instructional programs comprise approximately 49 percent of total governmental program expenses and support services are approximately 38 percent of program expenses. The other remaining expenses were in the areas of other non-instructional expenses at 8 percent, and extracurricular activities and interest and fiscal charges at 5 percent of the program expenses of the School District.

The School District Funds

The School District's major fund is accounted for using the modified accrual basis of accounting. The general fund had $22,579,847 in revenues, $20,904,084 in expenditures, and $7,000 in other financial sources. The general fund's balance increased $1,682,763. The increase is primarily due to revenues exceeding expenditures due to an increase in the amount of property taxes available for fiscal year 2018 as a result of the timing of tax collections set by the Muskingum County Auditor's Office.

General Fund Budgetary Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal 2018, the School District amended its general fund original appropriations from $20,949,790 to final appropriations of $21,019,789. Final appropriations exceeded final expenditures by $130,496. Budget basis actual revenue was $21,780,082, including proceeds from sale of capital assets, compared to an original estimate of $21,485,453 and a final estimate of $21,686,405. The $93,677 difference between final estimates and actual revenue was primarily due to intergovernmental revenues exceeding anticipated amount. The School District's ending general fund budgetary balance was $4,374,145.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $26,714,432 invested in land, land improvements, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to 2017.

Table 4 - Capital Assets at June 30, 2018
(Net of Depreciation)

	Government Activities	
	2018	2017
Land	$756,108	$756,108
Land Improvements	2,356,609	2,481,326
Buildings and Improvements	22,250,318	23,130,790
Furniture and Equipment	785,709	910,086
Vehicles	565,688	623,010
Totals	$26,714,432	$27,901,320

See Note 10 for more detailed information of the School District's capital assets.

Debt

At June 30, 2018, the School District had $1,607,342 in general obligation bonds (including the bond premium) and capital leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2018	Governmental Activities 2017
School Improvement Refunding		
General Obligation Bonds		
Term Bonds - 2007 - 5.25%	$1,295,000	$1,580,000
Bond Premium	43,732	54,665
Capital Leases	268,610	433,602
Totals	$1,607,342	$2,068,267

See Note 16 for more detailed information of the School District's debt. The net pension/OPEB liability under GASB 68 and GASB 75 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

Economic Factors

The School District has experienced difficult financial challenges in recent years; however, the School District has experienced increases in net position during fiscal years 2014 through 2016 and in 2018. The School District experienced a decrease in net position during fiscal year 2017 in the amount of $1,211,460 due to the large increase in the School District's share of the net pension liability. The School District's net position increased by $12,298,253 during fiscal year 2018 due to a decrease in the net pension liability which was mentioned prior. The School District's cash flow has also increased due to the payoff of the athletic facility in fiscal year 2016. The School District has one remaining bond issuance outstanding, School Improvement Refunding General Obligation Bonds, which mature in fiscal year 2022.

Based on the May 2018 Board-adopted five year forecast, Maysville Local School District is projecting revenues to exceed expenditures for fiscal year 2019; however, since the May 2018 five year forecast was released, student counts have decreased. This decrease in student counts will impact fiscal year 2019 revenues and expenses. The Board does not anticipate any layoffs to occur in the upcoming years. As staff retires in the next few years, the Board will not replace those vacated positions unless deemed necessary. The Board of Education and Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis W. Sidwell, Treasurer at Maysville Local School District, 3715 Panther Drive, Zanesville, Ohio 43701. You may also E-mail the treasurer at lsidwell@laca.org.

Maysville Local School District, Ohio
Statement of Net Position
June 30, 2018

	Primary Government	Component Units	
	Governmental Activities	Foxfire Intermediate School	Foxfire High School
Assets			
Equity in Pooled Cash and Cash Equivalents	$7,411,624	$485,515	$1,624,292
Cash and Cash Equivalents in Segregated Accounts	2,548	0	0
Accounts Receivable	46,718	0	20,099
Intergovernmental Receivable	535,177	54,692	252,322
Prepaid Items	83,293	797	3,377
Inventory Held for Resale	7,217	0	13,112
Materials and Supplies Inventory	6,155	0	525
Property Taxes Receivable	4,890,198	0	0
Nondepreciable Capital Assets	756,108	0	0
Depreciable Capital Assets, Net	25,958,324	77,897	322,654
Total Assets	39,697,362	618,901	2,236,381
Deferred Outflows of Resources			
Deferred Charge on Refunding	32,935	0	0
Pension	7,384,328	412,800	2,158,768
OPEB	247,454	5,120	294,004
Total Deferred Outflows or Resources	7,664,717	417,920	2,452,772
Liabilities			
Accounts Payable	59,068	0	29,417
Accrued Wages and Benefits Payable	2,587,149	46,114	411,041
Intergovernmental Payable	446,070	12,421	87,871
Accrued Interest Payable	9,796	0	0
Vacation Benefits Payable	93,250	0	22,761
Claims Payable	310,687	0	0
Long-Term Liabilities:			
Due Within One Year	425,015	0	0
Due In More Than One Year:			
Net Pension Liability (See Note 12)	24,874,938	678,327	3,552,401
Net OPEB Liability (See Note 13)	5,653,154	159,522	898,239
Other Amounts Due in More Than One Year	2,674,490	0	76,586
Total Liabilities	37,133,617	896,384	5,078,316
Deferred Inflows of Resources			
Property Taxes	2,562,880	0	0
Pension	2,672,074	1,005,319	145,634
OPEB	975,344	202,368	98,127
Total Deferred Inflows of Resources	6,210,298	1,207,687	243,761
Net Position			
Net Investment in Capital Assets	25,140,025	77,897	322,654
Restricted for:			
Debt Service	570,522	0	0
Classroom Facilities Maintenance	357,850	0	0
Food Service	285,467	0	0
District Managed Student Activities	30,995	0	0
Preschool	21,727	0	0
State and Federal Grants	59,695	0	0
Unrestricted (Deficits)	(22,448,117)	(1,145,147)	(955,578)
Total Net Position	$4,018,164	($1,067,250)	($632,924)

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Activities
For the fiscal year ended June 30, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	$5,038,978	$3,780,777	$236,408	$0
Special	1,854,535	92,882	2,729,647	0
Vocational	95,715	0	58,132	0
Intervention	172,506	0	43,349	0
Support Services:				
Pupils	663,732	0	32,455	0
Instructional Staff	313,537	0	88,885	0
Board of Education	82,530	0	0	0
Administration	956,344	325	23,053	0
Fiscal	441,415	0	46,298	0
Operation and Maintenance of Plant	1,961,410	664,298	79,081	329
Pupil Transportation	1,046,352	3,241	19,326	0
Central	61,219	0	6,201	0
Operation of Non-Instructional Services:				
Food Service Operations	1,124,558	123	1,135,827	0
Other	10,665	10,048	0	0
Extracurricular Activities	668,562	196,592	0	0
Interest and Fiscal Charges	84,010	0	0	0
Total Primary Government	$14,576,068	$4,748,286	$4,498,662	$329
Component Units				
Foxfire Intermediate School	$206,718	$1,432	$652,375	$0
Foxfire High School	3,450,414	351,319	4,506,939	0
Total Component Units	$3,657,132	$352,751	$5,159,314	$0

General Revenues
Property Taxes Levied for:
General Purposes
Debt Service
Classroom Facilities Maintenance
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Gain from Sale of Capital Asset
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	Foxfire Intermediate School	Foxfire High School
($1,021,793)	$0	$0
967,994	0	0
(37,583)	0	0
(129,157)	0	0
(631,277)	0	0
(224,652)	0	0
(82,530)	0	0
(932,966)	0	0
(395,117)	0	0
(1,217,702)	0	0
(1,023,785)	0	0
(55,018)	0	0
11,392	0	0
(617)	0	0
(471,970)	0	0
(84,010)	0	0
(5,328,791)	0	0
0	447,089	0
0	0	1,407,844
0	447,089	1,407,844
4,139,683	0	0
339,329	0	0
80,061	0	0
12,778,422	0	0
57,302	2,374	9,571
5,281	0	0
226,966	6,215	54,004
17,627,044	8,589	63,575
12,298,253	455,678	1,471,419
(8,280,089)	(1,522,928)	(2,104,343)
$4,018,164	($1,067,250)	($632,924)

Maysville Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$4,487,399	$2,116,735	$6,604,134
Cash and Cash Equivalents in Segregated Accounts	0	2,548	2,548
Accounts Receivable	44,968	265	45,233
Interfund Receivable	27,811	4,351	32,162
Intergovernmental Receivable	279,619	255,558	535,177
Prepaid Items	78,195	5,098	83,293
Inventory Held for Resale	0	7,217	7,217
Materials and Supplies Inventory	4,793	1,362	6,155
Property Taxes Receivable	4,462,708	427,490	4,890,198
Total Assets	$9,385,493	$2,820,624	$12,206,117
Liabilities			
Accounts Payable	$58,883	$185	$59,068
Accrued Wages and Benefits	2,097,662	227,299	2,324,961
Interfund Payable	4,351	27,811	32,162
Intergovernmental Payable	409,325	36,745	446,070
Total Liabilities	2,570,221	292,040	2,862,261
Deferred Inflows of Resources			
Property Taxes	2,353,602	209,278	2,562,880
Unavailable Revenue	765,843	159,231	925,074
Total Deferred Inflows of Resources	3,119,445	368,509	3,487,954
Fund Balances			
Nonspendable	82,988	6,460	89,448
Restricted	0	1,225,198	1,225,198
Committed	0	24,171	24,171
Assigned	870,297	927,107	1,797,404
Unassigned (Deficit)	2,742,542	(22,861)	2,719,681
Total Fund Balances	3,695,827	2,160,075	5,855,902
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$9,385,493	$2,820,624	$12,206,117

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2018

Total Governmental Fund Balances		$5,855,902
Amounts reported for governmental activities in the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		26,714,432
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources: unavailable revenue in the funds:		
Property Taxes Receivable	824,054	
Grants Receivable	78,584	
Student Fees	22,436	925,074
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		236,100
Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(9,796)
Vacation Benefits Payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(93,250)
Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds		32,935
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Refunding General Obligation Bonds Payable	(1,295,000)	
Premium on Refunding Bonds	(43,732)	
Capital Leases Payable	(268,610)	
Sick Leave Benefits Payable	(1,492,163)	(3,099,505)
The net pension/OPEB 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	7,384,328	
Deferred Outflows - OPEB	247,454	
Net Pension Liability	(24,874,938)	
Net OPEB Liability	(5,653,154)	
Deferred Inflows - Pension	(2,672,074)	
Deferred Inflows - OPEB	(975,344)	(26,543,728)
Net Position of Governmental Activities		$4,018,164

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$4,007,924	$416,933	$4,424,857
Intergovernmental	14,492,064	2,737,949	17,230,013
Interest	0	59,462	59,462
Tuition and Fees	3,621,737	261,330	3,883,067
Extracurricular Activities	50,589	146,003	196,592
Rent	75	0	75
Charges for Services	56,144	605,127	661,271
Contributions and Donations	0	329	329
Miscellaneous	351,314	2,167	353,481
Total Revenues	22,579,847	4,229,300	26,809,147
Expenditures			
Current:			
Instruction:			
Regular	11,377,551	444,772	11,822,323
Special	2,136,973	1,017,718	3,154,691
Vocational	176,301	0	176,301
Intervention	129,695	43,063	172,758
Support Services:			
Pupils	902,580	32,241	934,821
Instructional Staff	293,047	97,407	390,454
Board of Education	82,530	0	82,530
Administration	1,870,491	23,204	1,893,695
Fiscal	438,218	7,754	445,972
Operation and Maintenance of Plant	1,866,347	192,008	2,058,355
Pupil Transportation	1,076,210	22,082	1,098,292
Central	55,129	6,090	61,219
Operation of Non-Instructional Services:			
Food Service Operations	0	1,186,928	1,186,928
Other Non-Instructional Services	0	10,665	10,665
Extracurricular Activities	463,231	145,541	608,772
Debt Service:			
Principal Retirement	29,407	420,585	449,992
Interest and Fiscal Charges	6,374	83,645	90,019
Total Expenditures	20,904,084	3,733,703	24,637,787
Excess of Revenues Over Expenditures	1,675,763	495,597	2,171,360
Other Financing Source			
Proceeds from Sale of Capital Assets	7,000	0	7,000
Net Change in Fund Balances	1,682,763	495,597	2,178,360
Fund Balances Beginning of Year	2,013,064	1,664,478	3,677,542
Fund Balances End of Year	$3,695,827	$2,160,075	$5,855,902

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$2,178,360
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 depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	206,250	
Depreciation Expense	(1,391,419)	(1,185,169)
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. This is the amount of the proceeds and the gain on the sale of capital assets.		
Gain on Sale of Capital Assets	5,281	
Proceeds from Sale of Capital Assets	(7,000)	(1,719)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Student Fees	7,281	
Intergovernmental	44,911	
Delinquent Taxes	134,216	
School Employees Retirement System Reimbursement	(126,515)	59,893
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds Payable	285,000	
Capital Leases Payable	164,992	449,992
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		3,310
Some expenses 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.		
Vacation Benefits Payable	(14,430)	
Sick Leave Benefits Payable	(155,735)	(170,165)
The amortization of premiums are reported on the statement of activities.		10,933
Deferred outflows of resources represent the amortization of deferred charges on refunding which are not reported in the funds.		(8,234)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		19,400
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,678,224	
OPEB	62,363	1,740,587
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities.		
Pension	8,282,592	
OPEB	918,473	9,201,065
Change in Net Position of Governmental Activities		$12,298,253

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$3,592,000	$3,592,000	$3,449,912	($142,088)
Intergovernmental	14,175,000	14,175,000	14,426,287	251,287
Tuition and Fees	3,594,030	3,637,500	3,645,950	8,450
Rent	0	0	75	75
Charges for Services	56,002	52,000	56,144	4,144
Miscellaneous	68,421	222,905	194,714	(28,191)
Total Revenues	21,485,453	21,679,405	21,773,082	93,677
Expenditures				
Current:				
Instruction:				
Regular	9,095,875	9,103,875	9,245,754	(141,879)
Special	2,402,230	2,402,229	2,168,456	233,773
Vocational	192,857	192,857	175,773	17,084
Student Intervention Services	389,700	389,700	158,105	231,595
Other	1,875,000	1,875,000	2,044,150	(169,150)
Support Services:				
Pupils	860,400	860,400	924,386	(63,986)
Instructional Staff	294,800	294,800	287,773	7,027
Board of Education	77,520	77,520	70,663	6,857
Administration	1,889,665	1,889,665	1,884,088	5,577
Fiscal	449,000	449,000	439,041	9,959
Operation and Maintenance of Plant	1,915,128	1,921,128	1,882,105	39,023
Pupil Transportation	1,029,154	1,085,154	1,139,040	(53,886)
Central	66,896	66,896	57,815	9,081
Extracurricular Activities	411,565	411,565	412,144	(579)
Total Expenditures	20,949,790	21,019,789	20,889,293	130,496
Excess of Revenues Over Expenditures	535,663	659,616	883,789	224,173
Other Financing Source				
Proceeds from Sale of Capital Assets	0	7,000	7,000	0
Net Change in Fund Balance	535,663	666,616	890,789	224,173
Fund Balance Beginning of Year	3,297,778	3,297,778	3,297,778	0
Prior Year Encumbrances Appropriated	185,578	185,578	185,578	0
Fund Balance End of Year	$4,019,019	$4,149,972	$4,374,145	$224,173

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fund Net Position
Internal Service Fund
June 30, 2018

	Self-Insurance
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$807,490
Accounts Receivable	1,485
Total Assets	808,975
Current Liabilities	
Unearned Revenue	262,188
Claims Payable	310,687
Total Liabilities	572,875
Net Position	
Unrestricted	$236,100

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2018

	Self-Insurance
Operating Revenues	
Charges for Services	$3,481,861
Operating Expenses	
Purchased Services	428,170
Claims	3,034,291
Total Operating Expenses	3,462,461
Operating Gain	19,400
Net Position at Beginning of Year	216,700
Net Position at End of Year	$236,100

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2018

	Self-Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	$3,494,013
Cash Payments for Services	(428,170)
Cash Payments for Claims	(2,924,514)
Net Cash Provided By Operating Activities	141,329
Cash and Cash Equivalents Beginning of Year	666,161
Cash and Cash Equivalents End of Year	$807,490
Reconciliation of Operating Gain to Net Cash Provided By Operating Activities	
Operating Gain	$19,400
Adjustments to Reconcile Operating Gain to Net Cash Provided By Operating Activities:	
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(1,485)
Increase in Unearned Revenue	12,152
Increase in Claims Payable	111,262
Net Cash Provided By Operating Activities	$141,329

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	$61,270
Liabilities	
Due to Students	$61,270

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

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

Maysville Local School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County, and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. It is staffed by 105 classified employees, 136 certificated full-time teaching personnel, and 15 administrative employees who provide services to 2,284 students (includes preschool and open enrollment students) and other community members. The School District currently operates two instructional buildings, one administrative/preschool building, and one garage.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Discretely Presented Component Units. The component unit information on the Statement of Net Assets and the Statement of Activities identifies the financial data of the School District's Component Units, Foxfire Intermediate School and Foxfire High School. They are reported separately to emphasize that they are legally separate from the School District.

> **Foxfire Intermediate School.** The Foxfire Intermediate School is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Foxfire Intermediate School's mission, under a contractual agreement with the School District (Foxfire Intermediate School's sponsor), is to maximize all students' potential, by the teaching of high academic standards and overall student wellness to increase capabilities by bridging gaps in the best interest of each individual student. The Foxfire Intermediate School serves students who have been unsuccessful in a traditional elementary school setting. In prior years, Foxfire Intermediate School served students in first through eighth grade. At the beginning of fiscal year 2017, Foxfire Intermediate only provided services to students in first through third grade due to a change made by the Ohio Department of Education that now allows fourth through eighth grade to be served through a drop-out, recovery, and prevention school; therefore, students were relocated

to Foxfire High School. Beginning in fiscal year 2018, the Foxfire Intermediate School began to provide services to kindergarten.

The Foxfire Intermediate School operates under the direction of a five-member Board of Directors made up of five community members appointed by the Executive Director/Principal after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as represent the interest of the Muskingum County community. The sponsor is able to impose its will on Foxfire Intermediate School and due to Foxfire Intermediate School's relationship with Maysville Local School District it would be misleading to exclude Foxfire Intermediate School. The Sponsor can suspend the Foxfire Intermediate School's operations for any of the following reasons: 1) The Foxfire Intermediate School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) Foxfire Intermediate School's failure to meet generally accepted standards of fiscal management, 3) Foxfire Intermediate School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, 4) Foxfire Intermediate School's failure to be financially sound and/or their financial status adversely impacts the Sponsor's finances, or 4) Other good cause. Separately issued financial statements can be obtained from the Foxfire Intermediate School, 2805 Pinkerton Road, Zanesville, Ohio 43701.

Foxfire High School. The Foxfire High School is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Foxfire High School's mission, under a contractual agreement with the School District (Foxfire High School's sponsor), is to help at-risk students meet Ohio's graduation requirements. The Foxfire High School serves as a drop-out, recovery, and prevention school and focuses on ensuring that basic survival needs are met so that students can achieve success in school. The Foxfire High School serves elementary, middle, and high school age students and above who have dropped out or are at risk of dropping out of school. A particular emphasis is placed on assisting parenting and/or pregnant students obtain a high school diploma. In prior fiscal years, Foxfire High School only served students in grades nine through twelve. At the beginning of fiscal year 2017, Foxfire High School began to serve students in grades four through twelve. This change is grades served was due to a change by the Ohio Department of Education which allows a drop-out, recovery, and prevention school to serve grades four through twelve.

The Foxfire High School operates under the direction of a five-member Board of Directors made up of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as represent the interest of the Muskingum County community. The sponsor is able to impose its will on Foxfire High School and due to Foxfire High School's relationship with Maysville Local School District it would be misleading to exclude Foxfire High School. The Sponsor can suspend the Foxfire High School's operations for any of the following reasons: 1) The Foxfire High School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Foxfire High School's failure to meet generally accepted standards of fiscal management, 3) The Foxfire High School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. Separately issued financial statements can be obtained from the Foxfire High School, 2805 Pinkerton Road, Zanesville, Ohio 43701.

The School District participates in four jointly governed organizations and three purchasing pools. These organizations are the Licking Area Computer Association, Mid-East Career and Technology Centers, Coalition of Rural and Appalachian Schools, the Ohio Coalition of Equity and Adequacy of School Funding, the Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Group, the

Ohio School Benefits Cooperative, and Meta Solutions. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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 School District's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District has no business-type activities.

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

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

Fund Accounting

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

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

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

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

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

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

<u>Measurement Focus</u>

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. 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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of 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 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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 School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. 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 details of these unavailable revenues are identified on the

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2018 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 School District unavailable revenue includes delinquent property taxes, intergovernmental grants, income taxes, and accrued interest. 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 12 and 13)

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

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

Cash and Cash Equivalents

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

The School District has a segregated bank account for the athletic department. This checking account is presented on the financial statements as cash and cash equivalents in segregated accounts since it is kept separate from the School District treasury.

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 permanent improvement capital projects fund during fiscal year 2018 amounted to $57,302, which includes $51,855 assigned from other School District funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

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

Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets 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 fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	15-20 years
Buildings and Improvements	20-40 years
Machinery and Equipment	5-15 years
Furniture and Fixtures	5-20 years
Vehicles	8 years

Internal Activity

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

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

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either eternally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. See Note 21 for additional information regarding set asides.

Compensated Absences

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

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

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which these payments will be made.

Accrued Liabilities and Long-term Obligations

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources, and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net pension/OPEB of the pension 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 plans. 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.

Fund Balance

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

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

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (School District Board of Education resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resources providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in 2019's appropriated budget.

Unassigned: The unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report deficit balances. The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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 external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Estimates

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

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education (Board) 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 Treasurer has been authorized to allocate Board appropriations to the function and object level.

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

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

Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. On the governmental fund statements, bond premiums are recorded in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Note 3 – Changes in Accounting Principle and Restatement of Net Position

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

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

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

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

Net Position June 30, 2017	($918,209)
Adjustments:	
Net OPEB Liability	(7,412,756)
Deferred Outflow - Payments Subsequent to Measurement Date	50,876
Restated Net Position June 30, 2017	($8,280,089)

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

Note 4 – Accountability

The following funds had deficit fund balances at June 30, 2018.

	Deficit Fund Balances
Special Revenue Funds:	
Title VI-B	($1,991)
Title I	(20,870)

The deficit fund balances in the special revenue funds are the result of the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District will more closely monitor fund balances in the future.

Note 5 – Budgetary Basis of Accounting

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

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

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

3. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

4. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a commitment or assignment of fund balance for governmental fund types (GAAP basis).

5. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP Reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statement for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	$1,682,763
Net Adjustment for Revenue Accruals	(653,899)
Net Adjustment for Expenditure Accruals	68,956
Beginning:	
Unrecorded Cash	741
Prepaid Items	56,745
Negative Cash Advances	(114,641)
Ending:	
Unrecorded Cash	(1,000)
Prepaid Items	(78,195)
Negative Cash Advances	12,623
To reclassify excess of revenues and other sources of financial rescources over expenditures and other uses of financial resources into financial statement fund types	29
Adjustment for Encumbrances	(83,333)
Budget Basis	$890,789

Note 6 – Fund Balances

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

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Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Prepaids	$78,195	$5,098	$83,293
Materials and Supplies Inventory	4,793	1,362	6,155
Total Nonspendable	82,988	6,460	89,448
Restricted for:			
Food Service	0	315,129	315,129
District Managed Student Activities	0	30,995	30,995
State and Federal Grants	0	2,451	2,451
Classroom Facilities Maintenance	0	340,228	340,228
Preschool	0	21,276	21,276
Debt Service Payments	0	515,119	515,119
Total Restricted	0	1,225,198	1,225,198
Committed to:			
Scholarships	0	15,194	15,194
Latchkey Program	0	8,977	8,977
Total Committed	0	24,171	24,171
Assigned to:			
Public School Support	41,544	0	41,544
Purchases on Order	66,018	0	66,018
Assigned to Subsequent Year's Appropriations	762,735	0	762,735
Capital Improvements	0	927,107	927,107
Total Assigned	870,297	927,107	1,797,404
Unassigned:	2,742,542	(22,861)	2,719,681
Total Fund Balances	$3,695,827	$2,160,075	$5,855,902

Note 7 – Deposits and Investments

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

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

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

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

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time 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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments: As of June 30, 2018, the School District had no investments.

Interest Rate Risk: The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

Concentration of Credit Risk: The School District places no limit on the amount it may invest in any one issuer. The School District had no investments as of June 30, 2018.

Note 8 – Property Taxes and Abatements

Property Taxes

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

Property taxes include amounts levied against all real and public utility property (used in business) located in the School District. Real property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute 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 2018 represents collections of calendar year 2017 taxes. Public utility real property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected 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 School District receives property taxes from Muskingum County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2018, was $1,503,264. $1,365,434 was available to the general fund, $111,539 was available to the bond retirement debt service fund, and $26,291 was available to the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2017, was $908,496. $807,422 was available to the general fund, $84,922 was available to the bond retirement debt service fund, and $16,152 was available to the classroom facilities maintenance special revenue fund.

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

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

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$163,274,350	93.96%	$164,183,290	93.51%
Public Utility Personal	10,497,560	6.04%	11,398,790	6.49%
Total Assessed Value	$173,771,910	100.00%	$175,582,080	100.00%
Tax rate per $1,000 of assessed valuation	$40.65		$39.75	

The decrease in the tax rate per $1,000 was attributed to a decrease in the amount required for debt retirement.

Abatements

The School District currently does not have any abatements.

Note 9 - Receivables

Receivables at June 30, 2018, consisted of property taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to $824,054 as of June 30, 2018.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Medicaid Reimbursements	$84,308
State Foundation Adjustments	19,568
School Employees Retirement System Refund	130,521
Bureau of Workers' Compensation Refund	47,389
Title VI-B Grant	83,982
Title I Grant	144,002
Secondary Transition Student Grant	1,260
Miscellaneous Federal Grants	24,147
Total	$535,177

Note 10 – Capital Assets

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Nondepreciable Capital Assets				
Land	$756,108	$0	$0	$756,108
Depreciable Capital Assets				
Land Improvements	4,587,978	6,172	0	4,594,150
Buildings and Improvements	38,744,041	73,876	0	38,817,917
Furniture and Equipment	4,658,515	39,613	(30,577)	4,667,551
Vehicles	1,826,108	86,589	(42,915)	1,869,782
Total at Historical Cost	49,816,642	206,250	(73,492)	49,949,400
Less Accumulated Depreciation				
Land Improvements	(2,106,652)	(130,889)	0	(2,237,541)
Buildings and Improvements	(15,613,251)	(954,348)	0	(16,567,599)
Furniture and Equipment	(3,748,429)	(163,990)	30,577	(3,881,842)
Vehicles	(1,203,098)	(142,192)	41,196	(1,304,094)
Total Accumulated Depreciation	(22,671,430)	(1,391,419) *	71,773	(23,991,076)
Depreciable Capital Assets, Net of Accumulated Depreciation	27,145,212	(1,185,169)	(1,719)	25,958,324
Governmental Activities Capital Assets, Net	$27,901,320	($1,185,169)	($1,719)	$26,714,432

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$539,322
Special	189,577
Vocational	11,838
Support Services:	
Pupils	27,800
Instructional Staff	15,186
Administration	88,491
Fiscal	11,559
Operation and Maintenance	84,359
Pupil Transportation	144,271
Extracurricular	150,678
Food Service Operations	128,338
Total Depreciation Expense	$1,391,419

Note 11 – Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with Liberty Mutual Insurance – The Netherlands Insurance Company through the Young Insurance Agency, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, fleet insurance, and builder's risk insurance. Coverage provided is as follows:

Building and Contents-replacement cost	$78,571,166
Employee Benefit Liability:	
Per occurrence	1,000,000
General Aggregate	2,000,000
Personal and Advertising Injury Limit	1,000,000
Fleet Insurance	1,000,000
Uninsured/Underinsured Motorists	1,000,000
Commercial Umbrella Liability each occurrence	3,000,000
Commercial Umbrella Liability General Aggregate	3,000,000
Products/Completed Operations Aggregate Limit	2,000,000

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

During fiscal year 2018, the School District participated in the Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Program (GRP), an insurance purchasing pool (Note 19) in the Group Rating Program. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to members that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

Medical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of $310,687 reported in the internal service fund at June 30, 2018, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased an aggregate stop-loss coverage policy that covers individual claims in excess of $100,000 annually.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims		Claim Payments	Balance at End of Year
2017	$199,811	$2,981,439		$2,981,825	$199,425
2018	199,425	3,035,776	(1)	2,924,514	310,687

(1) Claims Expense	$3,034,291
+ Receivable from current year	1,485
	$3,035,776

Note 12 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OBEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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:

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

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

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

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

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

The School District's contractually required contribution to SERS was $392,283 for fiscal year 2018. Of this amount $42,091 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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

The School District's contractually required contribution to STRS was $1,285,941 for fiscal year 2018. Of this amount $243,065 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.09704850%	0.08637407%	
Proportion of the Net Pension Liability Current Measurement Date	0.08959160%	0.08218001%	
Change in Proportionate Share	-0.00745690%	-0.00419406%	
Proportionate Share of the Net Pension Liability	$5,352,900	$19,522,038	$24,874,938
Pension Expense	($278,335)	($8,004,257)	($8,282,592)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$230,371	$753,849	$984,220
Changes of assumptions	276,802	4,269,684	4,546,486
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	52,601	122,797	175,398
School District contributions subsequent to the measurement date	392,283	1,285,941	1,678,224
Total Deferred Outflows of Resources	$952,057	$6,432,271	$7,384,328

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$157,340	$157,340
Net difference between projected and actual earnings on pension plan investments	25,409	644,250	669,659
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	335,190	1,509,885	1,845,075
Total Deferred Inflows of Resources	$360,599	$2,311,475	$2,672,074

$1,678,124 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$129,015	$412,212	$541,227
2020	206,747	1,288,612	1,495,359
2021	(11,800)	1,040,583	1,028,783
2022	(124,787)	93,448	(31,339)
Total	$199,175	$2,834,855	$3,034,030

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$7,428,434	$5,352,900	$3,614,217

Actuarial Assumptions - STRS

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

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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

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

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 actuarial rate of return, without net value added by management.

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$27,984,176	$19,522,038	$12,393,954

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2018, no members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 – Defined Benefit OPEB Plans

See note 12 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 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 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was $47,834.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $62,363 for fiscal year 2018. Of this amount $49,393 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.09800300%	0.08637407%	
Proportion of the Net OPEB Liability Current Measurement Date	0.09117110%	0.08218001%	
Change in Proportionate Share	-0.00683190%	-0.00419406%	
Proportionate Share of the Net OPEB Liability	$2,446,793	$3,206,361	$5,653,154
OPEB Expense	$91,978	($1,010,451)	($918,473)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$0	$185,091	$185,091
School District contributions subsequent to the measurement date	62,363	0	62,363
Total Deferred Outflows of Resources	$62,363	$185,091	$247,454
Deferred Inflows of Resources			
Changes of assumptions	$232,188	$258,283	$490,471
Net difference between projected and actual earnings on OPEB plan investments	6,461	137,047	143,508
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	149,108	192,257	341,365
Total Deferred Inflows of Resources	$387,757	$587,587	$975,344

$62,363 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($139,765)	($78,503)	($218,268)
2020	(139,765)	(78,503)	(218,268)
2021	(106,611)	(78,503)	(185,114)
2022	(1,616)	(78,504)	(80,120)
2023	0	(44,242)	(44,242)
Thereafter	0	(44,241)	(44,241)
Total	($387,757)	($402,496)	($790,253)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	$2,954,814	$2,446,793	$2,044,310

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	$1,985,389	$2,446,793	$3,057,469

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13

percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	$4,304,488	$3,206,361	$2,338,481

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	$2,227,642	$3,206,361	$4,494,469

Note 14 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Unused vacation time at the end of a fiscal year is not accumulated or carried forward to the next fiscal year. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 249 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 62 days.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Assurant Employee Benefits in the amount of $25,000 for all employees enrolled.

Retirement Incentive

Upon reaching 30 years of retirement credit in the State Teachers Retirement System (STRS), teachers become eligible to receive a $10,000 retirement bonus (incentive), providing they retire in their 30th year. The benefit will be paid in a lump sum payment in January following the effective fiscal year of retirement.

During fiscal year 2018, the School District paid no retirement incentives. At June 30, 2018, no retirement incentives were outstanding, and as a result, no amount was accrued as a liability.

Note 15 – Capitalized Leases

In prior years, the School District has entered into capitalized leases for copiers, computer equipment, a chiller, and buses. These leases meet the criteria of a capital lease which is when a lease transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements. The new computer equipment (Chromebooks) acquired during fiscal year 2015 by lease in the amount of $58,330 have not been capitalized because each Chromebook is under the capitalization asset threshold but a capital lease payable has been recorded in the government-wide statements.

During fiscal year 2018, the School District paid in full the computer equipment (Chromebooks) and the chiller from prior years.

The agreements provide for minimum annual rental payments as follows:

Year	Principal	Interest	Total
2019	$114,409	$9,343	$123,752
2020	119,917	5,851	125,768
2021	22,443	1,740	24,183
2022	11,841	250	12,091
Total	$268,610	$17,184	$285,794

The capitalized leased assets, copiers and chiller, were originally capitalized in the amount of $583,217. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2018 totaled $164,992 in the governmental funds.

Property under Capital Lease	$583,217
Less: Accumulated Depreciation	(211,309)
Total June 30, 2018	$371,908

Note 16 – Long-Term Obligations

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

	Principal Outstanding 6/30/2017	Additions	Deductions	Principal Outstanding 6/30/2018	Due in One Year
School Improvement Refunding General Obligation Bonds					
Term Bonds - 2007 - 5.25%	$1,580,000	$0	$285,000	$1,295,000	$300,000
Bond Premium	54,665	0	10,933	43,732	0
Total Long-Term Bonds	1,634,665	0	295,933	1,338,732	300,000
Net Pension Liability:					
SERS	7,103,055	0	1,750,155	5,352,900	0
STRS	28,912,005	0	9,389,967	19,522,038	0
Total Net Pension Liability	36,015,060	0	11,140,122	24,874,938	0
Net OPEB Liability:					
SERS	2,793,448	0	346,655	2,446,793	0
STRS	4,619,308	0	1,412,947	3,206,361	0
Total Net OPEB Liability	7,412,756	0	1,759,602	5,653,154	0
Capital Leases	433,602	0	164,992	268,610	114,409
Compensated Absences Payable	1,336,428	170,285	14,550	1,492,163	10,606
Total General Long-Term Obligations	$46,832,511	$170,285	$13,375,199	$33,627,597	$425,015

2007 School Improvement Refunding General Obligation Bonds – The School District had previously issued 2000 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2007 School Improvement Refunding General Obligation Bonds. At the date of refunding, $2,311,754 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. On December 1, 2009, the 2007 school improvement refunding general obligation bonds were called and paid in full and the escrow account was closed.

On August 16, 2006, the School District issued $2,170,000 of School Improvement Refunding General Obligation Bonds that were issued to partially refund the 2000 School Facilities Improvement General Obligation Bonds. The bonds were issued for a sixteen year period with a final maturity at December 1, 2021. The $2,170,000 School Improvement Refunding General Obligation Bonds were issued at a premium in the amount of $174,936. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of $131,754. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to services the new debt of $151,035. The issuance resulted in a total economic gain of $121,468.

Principal and interest requirements to the 2007 School Improvement Refunding General Obligation Bonds outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2019	$300,000	$60,113
2020	310,000	44,100
2021	330,000	27,300
2022	355,000	9,319
Total	$1,295,000	$140,832

The School District's overall legal debt margin was $15,022,506 with an unvoted debt margin of $175,582 at June 30, 2018.

Capital leases are paid from the general fund, the classroom facilities maintenance special revenue fund, and the permanent improvement capital project fund. Compensated absences are paid from the fund from which the employees' salaries are paid, which includes the general Fund and lunchroom special revenue Funds. The School District pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: general fund, lunchroom, latchkey, title VI-B, title I, and the miscellaneous federal grants special revenue funds. For additional information related to the net pension/OPEB liability see Note 12 and 13.

Note 17 – Interfund Activity

Interfund balances at June 30, 2018, consist of the following individual fund receivables and payables:

	Receivable	Payable
Major Fund:		
General Fund	$27,811	$4,351
Other Nonmajor Governmental Funds:		
Food Service	0	942
Latchkey	0	788
Title VI-B	4,000	0
Title I	351	13,981
Title II-A	0	0
Miscellaneous Federal Grants	0	12,100
Total Other Nonmajor Governmental Funds	4,351	27,811
Total All Funds	$32,162	$32,162

Interfund balances are used to 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 unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 18- Jointly Governed Organizations

Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services over twenty-nine school districts, educational service centers, community schools, and non-public schools within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, and Medina Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District’s continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association’s capital assets. The School District’s total payments to LACA for computer services for fiscal year 2018 were $121,772. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

Mid-East Career and Technology Centers

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district’s boards. The board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2018, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Rick White, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2018, the School District paid $445 to the Coalition for membership services. The financial information for the Coalition can be obtained from the Executive Director, at 322 McCraken Hall, Ohio University, Athens, Ohio 45701.

Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized to challenge the constitutionally of the Ohio school funding system. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The Committee exercised total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts, joint vocational schools, and educational service centers pay annual dues and supplemental dues based on their pupil enrollment. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2018, the School District paid $920 to the Coalition. The fiscal agent for the Coalition is the Muskingum Valley Educational Service Center. Financial information may be obtained from the Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

Note 19 – Purchasing Pools

Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Group

The School District participated in a group rating plan for workers' compensation in calendar year 2017 and 2018 as established under Section 4123.29 of the Ohio Revised Code. The Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Group (Program), an insurance purchasing pool established through the Better Business Bureau of Ohio, Incorporated. The Program's business and affairs are conducted by the President and CEO of the Better Business Bureau. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the program.

Ohio School Benefits Cooperative

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay a $500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. On November 1, 2005, the School District elected to participate in the self-insured purchasing program for medical, prescription drug, dental, and vision coverage.

Meta Solutions

The School District participates in Meta Solutions, a purchasing pool. Meta Solutions was created pursuant to Chapter 167 of the Ohio Revised Code. Meta Solutions is a purchasing pool created to aid school districts with purchasing services and products at discounted rates. Meta Solutions operates under a Board of Directors consisting of twelve members. The Board of Directors is made up of representatives from member school districts. The Board of Directors exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. The School District paid $640 during fiscal year 2018 for utility billing monitoring services. META memberships became free effective July 1, 2017. Financial information can be obtained from David Varda, CFO, 2100 Citygate Drive, Columbus, Ohio 43219.

Note 20 – Contingencies

Grants

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

School Foundation

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

Litigation

The School District is currently not a party to any material legal proceedings.

Note 21 – Set-Aside Calculations and Fund Reserves

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

Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2017	$0
Current Year Set-aside Requirement	401,814
Current Year Offsets	(437,479)
Qualifying Disbursements	(99,507)
Total	($135,172)
Set-aside Balance Carried Forward to Future Fiscal Years	$0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

Note 22 – Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	$83,333
Nonmajor Governmental Funds	8,269
Total	$91,602

Note 23 – Related Party Transactions

During fiscal year 2018, Foxfire Intermediate School paid $64,723 to the School District for rent, utilities, transportation, and other support services provided. As of June 30, 2018, there were no amounts owed by Foxfire Intermediate School to the School District.

During fiscal year 2018, Foxfire High School paid $688,029 to the School District for rent, utilities, transportation, and other support services provided. As of June 30, 2018, there were no amounts owed by Foxfire High School to the School District.

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units

Basis of Presentation

The Foxfire Intermediate School and the Foxfire High School are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. The Foxfire Intermediate School and the Foxfire High School use the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Foxfire Intermediate School and Foxfire High School's financial statements are prepared using the accrual basis of accounting. 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. Revenue resulting from nonexchange transactions, in which the Foxfire Intermediate School and Foxfire High School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Foxfire Intermediate School and Foxfire High School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Foxfire Intermediate School and Foxfire High School on a reimbursement basis. Expenses are recognized at the time they are incurred.

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the High School, deferred inflows of resources include pension and OPEB plans. These amounts have been recorded as a deferred inflow on the statement of net position. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position.

Pensions/Other Postemployment Benefits (OPEB)

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

Capital Assets

Property and equipment are recorded at cost if purchased or at estimated fair market value at the date of donation. Expenditures for major additions and improvements are capitalized. Minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The Foxfire Intermediate School and the Foxfire High School report capital asset depreciation using the straight-line method over the estimated useful life.

The Foxfire Intermediate School's capital assets consisted of equipment valued at $252,027 with accumulated depreciation of $174,130 and a remaining book value of $77,897.

The Foxfire High School's capital assets consisted of equipment and classroom improvements valued at $429,756 with accumulated depreciation of $107,102 and a remaining book value of $322,654.

Change in Accounting Principles and Restatement of Net Position

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

For fiscal year 2018, the Foxfire Intermediate School and the Foxfire High School also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the Foxfire Intermediate School and Foxfire High School's fiscal year 2018 financial statements; however, there was no effect on beginning net position.

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

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

Foxfire Intermediate School	
Net Position June 30, 2017	($1,103,088)
Adjustments:	
Net OPEB Liability	(420,983)
Deferred Outflow - Payments Subsequent to Measurement Date	1,143
Restated Net Position June 30, 2017	($1,522,928)
Foxfire High School	
Net Position June 30, 2017	($1,357,680)
Adjustments:	
Net OPEB Liability	(757,260)
Deferred Outflow - Payments Subsequent to Measurement Date	10,597
Restated Net Position June 30, 2017	($2,104,343)

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

Related Party Transactions

The Board of Directors of the Foxfire Intermediate School consists of five community members recommended by the Executive Director of the Foxfire Intermediate School after consulting with Maysville Local School District's (Sponsor) Superintendent. The Foxfire Intermediate School is presented as a component unit of the Sponsor. During fiscal year 2018, the Foxfire Intermediate School paid the Sponsor $64,723 for rent, utilities, transportation, and other support services provided to the Foxfire Intermediate School. As of June 30, 2018, there were no amounts owed by the Foxfire Intermediate School to the Sponsor. The Foxfire Intermediate School is located in a portion of facilities previously utilized by the Sponsor.

The Board of Directors of the Foxfire High School consists of five community members recommended by the Executive Director of the Foxfire High School after consulting with Maysville Local School District's (Sponsor) Superintendent. The Foxfire High School is presented as a component unit of the Sponsor. During fiscal year 2018, $688,029 was paid to the Sponsor for rent, utilities, transportation, and other support services provided to the Foxfire High School. The Foxfire High School is located in a portion of facilities previously utilized by the Sponsor. As of June 30, 2018, there were no outstanding expenses owed to the sponsor.

Expenses

The chart below represents the Foxfire Intermediate School's fiscal year 2018 expenses on a cash basis.

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Other Instruction (1400 and 1900 Function Codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
Direct expenses:						
Salaries & wages (100 object codes)	$110,505	$82,861	$80,741	$33,500	$0	$307,607
Employees' benefits (200 object codes)	25,099	12,348	20,458	7,226	0	65,131
Professional and technical services (410 object codes)	460	2,248	2,505	170,277	0	175,490
Rental expenses (425 object codes)	56,144	0	0	0	0	56,144
Advertising (440 object codes)	500	0	0	0	0	500
Supplies (500 object codes)	2,609	133	0	926	0	3,668
Equipment (640 object codes)	3,599	0	0	0	31,742	35,341
Other direct costs (All other object codes)	0	0	0	9,382	0	9,382
Total expenses	$198,916	$97,590	$103,704	$221,311	$31,742	$653,263

The chart below represents the Foxfire High School's fiscal year 2018 expenses on a cash basis.

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Other Instruction (1300 and 1900 Function Codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
Direct expenses:						
Salaries & wages (100 object codes)	$798,981	$300,693	$191,241	$786,944	$108,389	$2,186,248
Employees' benefits (200 object codes)	326,389	87,236	48,209	275,981	17,169	754,984
Professional and technical services (410 object codes)	45,098	0	179,628	268,823	650	494,199
Property services (420 object codes)	0	0	0	18,676	4,505	23,181
Rental expenses (425 object codes)	572,224	0	0	0	0	572,224
Travel/Meeting Expense (430 object codes)	1,355	0	0	1,399	0	2,754
Advertising /Phone/Postage (440 object codes)	43,482	0	0	7,877	0	51,359
Utilities (450 object codes)	0	0	0	61,388	0	61,388
Transportation (480 object codes)	0	0	0	0	1,618	1,618
Other purchased services (490 object codes)	0	0	5,350	0	2,453	7,803
Supplies (500 object codes)	21,581	0	29,252	18,621	110,507	179,961
Equipment (640 object codes)	58,322	660	3,517	173,652	13,739	249,890
Other direct costs (All other object codes)	1,034	0	0	70	1,336	2,440
Total expenses	$1,868,466	$388,589	$457,197	$1,613,431	$260,366	$4,588,049

<u>Defined Benefit Pension Plans</u>

<u>Net Pension Liability</u>

The Foxfire Intermediate School's contractually required contribution to SERS was $8,946 for fiscal year 2018. Of this amount, $718 is reported as an intergovernmental payable. The Foxfire Intermediate School's contractually required contribution to STRS was $33,216 for fiscal year 2018. Of this amount, $132 is reported as an intergovernmental payable.

The Foxfire High School's contractually required contribution to SERS was $106,467 for fiscal year 2018. Of this amount, $10,421 is reported as an intergovernmental payable. The Foxfire High School's contractually required contribution to STRS was $211,065 for fiscal year 2018. Of this amount $59,564 is reported as an intergovernmental payable.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Intermediate School's proportion of the net pension liability was based on the Intermediate School'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:

Foxfire Intermediate School:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.00549000%	0.00490487%	
Proportion of the Net Pension Liability Current Measurement Date	0.00289890%	0.00212637%	
Change in Proportionate Share	-0.00259110%	-0.00277850%	
Proportionate Share of the Net Pension Liability	$173,203	$505,124	$678,327
Pension Expense	($28,165)	($305,491)	($333,656)

Foxfire High School:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.01330920%	0.00695565%	
Proportion of the Net Pension Liability Current Measurement Date	0.01785430%	0.01046358%	
Change in Proportionate Share	0.00454510%	0.00350793%	
Proportionate Share of the Net Pension Liability	$1,066,755	$2,485,646	$3,552,401
Pension Expense	$50,834	($758,751)	($707,917)

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

Foxfire Intermediate School:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$7,454	$19,506	$26,960
Changes of assumptions	8,957	110,476	119,433
Changes in proportionate Share and difference between Intermediate School contributions and proportionate share of contributions	23,834	200,411	224,245
Intermediate School contributions subsequent to the measurement date	8,946	33,216	42,162
Total Deferred Outflows of Resources	$49,191	$363,609	$412,800

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$4,071	$4,071
Net difference between projected and actual earnings on pension plan investments	822	16,670	17,492
Changes in Proportionate Share and Difference between Intermediate School contributions and proportionate share of contributions	117,712	866,044	983,756
Total Deferred Inflows of Resources	$118,534	$886,785	$1,005,319

$42,162 reported as deferred outflows of resources related to pension resulting from Intermediate School 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($14,984)	($87,718)	($102,702)
2020	(29,459)	(110,597)	(140,056)
2021	(29,810)	(201,163)	(230,973)
2022	(4,036)	(156,914)	(160,950)
Total	($78,289)	($556,392)	($634,681)

Foxfire High School:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$45,909	$95,984	$141,893
Changes of assumptions	55,163	543,638	598,801
Changes in proportionate Share and difference between High School contributions and proportionate share of contributions	230,952	869,590	1,100,542
High School contributions subsequent to the measurement date	106,467	211,065	317,532
Total Deferred Outflows of Resources	$438,491	$1,720,277	$2,158,768
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$20,033	$20,033
Net difference between projected and actual earnings on pension plan investments	5,064	82,029	87,093
Changes in Proportionate Share and Difference between High School contributions and proportionate share of contributions	0	38,508	38,508
Total Deferred Inflows of Resources	$5,064	$140,570	$145,634

$317,532 reported as deferred outflows of resources related to pension resulting from High School 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$132,013	$312,877	$444,890
2020	146,651	424,462	571,113
2021	73,166	379,061	452,227
2022	(24,870)	252,242	227,372
Total	$326,960	$1,368,642	$1,695,602

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.

Foxfire Intermediate School (SERS):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Intermediate School's proportionate share of the net pension liability	$240,361	$173,203	$116,945

Foxfire High School (SERS):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
High School's proportionate share of the net pension liability	$1,480,379	$1,066,755	$720,261

The following table presents the Intermediate School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the Intermediate School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

Foxfire Intermediate School (STRS):

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Intermediate School's proportionate share of the net pension liability	$724,078	$505,124	$320,688

Foxfire High School (STRS):

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
High School's proportionate share of the net pension liability	$3,563,089	$2,485,646	$1,578,062

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2018, only one of the Foxfire Intermediate School Board of Education members elected Social Security. None of the Foxfire High School Board of Education members elected Social Security.

Postemployment Benefits

For fiscal year 2018, the Foxfire Intermediate School's surcharge obligation was $0. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Foxfire Intermediate School's contractually required contribution to SERS was $331 for fiscal year 2018. Of this amount $27 is reported as an intergovernmental payable. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

For fiscal year 2018, the Foxfire High School's surcharge obligation was $7,424. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Foxfire High School's contractually required contribution to SERS was $11,367 for fiscal year 2018. Of this amount $7,810 is reported as an intergovernmental payable. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Foxfire Intermediate School and Foxfire High School's proportion of the net OPEB liability was based on the Foxfire Intermediate School and Foxfire High School'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:

Foxfire Intermediate School

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.0055666%	0.00490487%	
Proportion of the Net OPEB Liability Current Measurement Date	0.0028527%	0.00212637%	
Change in Proportionate Share	-0.0027139%	-0.00277850%	
Proportionate Share of the Net OPEB Liability	$76,559	$82,963	$159,522
OPEB Expense	($16,195)	($46,544)	($62,739)

Foxfire High School

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.0135165%	0.00695565%	
Proportion of the Net OPEB Liability Current Measurement Date	0.0182577%	0.01046358%	
Change in Proportionate Share	0.0047412%	0.00350793%	
Proportionate Share of the Net OPEB Liability	$489,989	$408,250	$898,239
OPEB Expense	$64,841	($97,775)	($32,934)

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

Foxfire Intermediate School

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$0	$4,789	$4,789
Intermediate School contributions subsequent to the measurement date	331	0	331
Total Deferred Outflows of Resources	$331	$4,789	$5,120
Deferred Inflows of Resources			
Changes of assumptions	$7,265	$6,683	$13,948
Net difference between projected and actual earnings on OPEB plan investments	202	3,546	3,748
Changes in Proportionate Share and Difference between Intermediate School contributions and proportionate share of contributions	57,305	127,367	184,672
Total Deferred Inflows of Resources	$64,772	$137,596	$202,368

$331 reported as deferred outflows of resources related to OPEB resulting from the Intermediate School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($23,446)	($22,430)	($45,876)
2020	(23,446)	(22,430)	(45,876)
2021	(17,830)	(22,430)	(40,260)
2022	(50)	(22,430)	(22,480)
2023	0	(21,544)	(21,544)
Thereafter	0	(21,543)	(21,543)
Total	($64,772)	($132,807)	($197,579)

Foxfire High School

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$0	$23,567	$23,567
Changes in proportionate Share and difference between High School contributions and proportionate share of contributions	98,266	160,804	259,070
High School contributions subsequent to the measurement date	11,367	0	11,367
Total Deferred Outflows of Resources	$109,633	$184,371	$294,004
Deferred Inflows of Resources			
Changes of assumptions	$46,497	$32,886	$79,383
Net difference between projected and actual earnings on OPEB plan investments	1,294	17,450	18,744
Total Deferred Inflows of Resources	$47,791	$50,336	$98,127

$11,367 reported as deferred outflows of resources related to OPEB resulting from the High School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$18,433	$20,886	$39,319
2020	18,433	20,886	39,319
2021	13,933	20,886	34,819
2022	(324)	20,885	20,561
2023	0	25,248	25,248
Thereafter	0	25,244	25,244
Total	$50,475	$134,035	$184,510

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

Foxfire Intermediate School (SERS)

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Intermediate School's proportionate share of the net OPEB liability	$92,455	$76,559	$63,965

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
Intermediate School's proportionate share of the net OPEB liability	$62,122	$76,559	$95,667

Foxfire High School (SERS)

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
High School's proportionate share of the net OPEB liability	$591,724	$489,989	$409,389

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
High School's proportionate share of the net OPEB liability	$397,589	$489,989	$612,281

The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

Foxfire Intermediate School (STRS)

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Intermediate School's proportionate share of the net OPEB liability	$111,377	$82,963	$60,507

	1% Decrease	Current Trend Rate	1% Increase
Intermediate School's proportionate share of the net OPEB liability	$57,639	$82,963	$116,292

Foxfire High School (STRS)

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
High School's proportionate share of the net OPEB liability	$548,069	$408,250	$297,747

	1% Decrease	Current Trend Rate	1% Increase
High School's proportionate share of the net OPEB liability	$283,635	$408,250	$572,259

Long-Term Obligations

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

	Outstanding 6/30/2017	Additions	Deletions	Outstanding 6/30/2018	Due Within One Year
Net Pension Liability:					
SERS	$401,817	$0	$228,614	$173,203	$0
STRS	1,641,808	0	1,136,684	505,124	0
Total Net Pension Liability	2,043,625	0	1,365,298	678,327	0
Net OPEB Liability:					
SERS	158,669	0	82,110	76,559	0
STRS	262,314	0	179,351	82,963	0
Total Net OPEB Liability	420,983	0	261,461	159,522	0
Total Long-Term Obligations	$2,464,608	$0	$1,626,759	$837,849	$0

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

	Outstanding 6/30/2017	Additions	Deletions	Outstanding 6/30/2018	Due Within One Year
Compensated Absences	$57,031	$19,555	$0	$76,586	$0
Net Pension Liability:					
SERS	974,111	92,644	0	1,066,755	0
STRS	2,328,266	157,380	0	2,485,646	0
Total Net Pension Liability	3,302,377	250,024	0	3,552,401	0
Net OPEB Liability:					
SERS	385,270	104,719	0	489,989	0
STRS	371,990	36,260	0	408,250	0
Total Net OPEB Liability	757,260	140,979	0	898,239	0
Total Long-Term Obligations	$4,116,668	$410,558	$0	$4,527,226	$0

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0895916%	0.0970485%	0.0965744%	0.0939690%	0.0939690%
School District's Proportionate Share of the Net Pension Liability	$5,352,900	$7,103,055	$5,510,629	$4,755,718	$5,588,035
School District's Covered Payroll	$2,995,957	$3,005,071	$2,901,886	$2,764,502	$2,746,107
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	178.67%	236.37%	189.90%	172.03%	203.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year-end.

See accompanying notes to required supplementary information

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.0911711%	0.0980030%
School District's Proportionate Share of the Net OPEB Liability	$2,446,793	$2,793,448
School District's Covered Payroll	$2,995,957	$3,005,071
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	81.67%	92.96%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

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

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year-end.

See accompanying notes to required supplementary information

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.08218001%	0.08637407%	0.08556981%	0.09006516%	0.09006516%
School District's Proportionate Share of the Net Pension Liability	$19,522,038	$28,912,005	$23,648,993	$21,906,964	$26,095,432
School District's Covered Payroll	$9,053,314	$9,093,564	$8,847,457	$9,093,300	$10,063,485
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	215.63%	317.94%	267.30%	240.91%	259.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.08218001%	0.08637407%
School District's Proportionate Share of the Net OPEB Liability	$3,206,361	$4,619,308
School District's Covered Payroll	$9,053,314	$9,093,564
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.42%	50.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

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

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

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Maysville Local School District

Required Supplementary Information

Schedule of the School District Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$392,283	$419,434	$420,710	$382,469
Contributions in Relation to the Contractually Required Contribution	(392,283)	(419,434)	(420,710)	(382,469)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$2,905,800	$2,995,957	$3,005,071	$2,901,886
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
Net OPEB Liability				
Contractually Required Contribution	$62,363	$50,876	$48,110	$73,551
Contributions in Relation to the Contractually Required Contribution	(62,363)	(50,876)	(48,110)	(73,551)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Contributions as a Percentage of Covered Payroll	2.15%	1.70%	1.60%	2.53%
Total Contributions as a Percentage of Covered Payroll (2)	15.65%	15.70%	15.60%	15.71%

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

See accompanying notes to required supplementary information

2014	2013	2012	2011	2010	2009
$383,160	$380,061	$361,247	$297,113	$530,582	$289,236
(383,160)	(380,061)	(361,247)	(297,113)	(530,582)	(289,236)
$0	$0	$0	$0	$0	$0
$2,764,502	$2,746,107	$2,685,850	$2,363,666	$3,918,623	$2,939,395
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$50,373	$49,640	$67,164	$73,291	$88,981	$175,503
(50,373)	(49,640)	(67,164)	(73,291)	(88,981)	(175,503)
$0	$0	$0	$0	$0	$0
1.82%	1.81%	2.50%	3.10%	2.27%	5.97%
15.68%	15.65%	15.95%	15.67%	15.81%	15.81%

Maysville Local School District
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$1,285,941	$1,267,464	$1,273,099	$1,238,644
Contributions in Relation to the Contractually Required Contribution	(1,285,941)	(1,267,464)	(1,273,099)	(1,238,644)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$9,185,293	$9,053,314	$9,093,564	$8,847,457
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to required supplementary information

2014	2013	2012	2011	2010	2009
$1,182,129	$1,308,253	$1,288,150	$1,281,720	$1,288,418	$1,285,457
(1,182,129)	(1,308,253)	(1,288,150)	(1,281,720)	(1,288,418)	(1,285,457)
$0	$0	$0	$0	$0	$0
$9,093,300	$10,063,485	$9,908,846	$9,859,385	$9,910,908	$9,888,131
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$90,933	$100,635	$99,088	$98,594	$99,109	$88,032
(90,933)	(100,635)	(99,088)	(98,594)	(99,109)	(88,032)
$0	$0	$0	$0	$0	$0
1.00%	1.00%	1.00%	1.00%	1.00%	0.89%
14.00%	14.00%	14.00%	14.00%	14.00%	13.89%

Net Pension Liability

Changes in Assumptions – SERS

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Changes in Assumptions - STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY

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

FEDERAL GRANTOR *Pass-Through Grantor* **Program Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Receipts**	**Total Federal Disbursements**
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	10.555	2017/2018	$89,604	$89,604
Cash Assistance:				
School Breakfast Program	10.553	2017/2018	416,568	416,568
National School Lunch Program	10.555	2017/2018	611,834	611,834
Cash Assistance Subtotal			1,028,402	1,028,402
Total Child Nutrition Cluster			1,118,006	1,118,006
Total U.S. Department of Agriculture			1,118,006	1,118,006
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Title I Grants to Local Educational Agencies	84.010	2017	165,457	106,482
		2018	404,109	404,632
Total Title I Grants to Local Educational Agencies			569,566	511,114
Special Education Cluster:				
Special Education Grants to States	84.027	2017	110,566	89,848
		2018	356,288	356,288
Total Special Education Grants to States			466,854	446,136
Special Education Preschool Grants	84.173	2018	9,952	9,952
Total Special Education Cluster			476,806	456,088
Twenty-First Century Community Learning Centers	84.287	2017	36,527	4,493
		2018	271,225	279,325
Total Twenty-First Century Community Learning Centers			307,752	283,818
Rural Education	84.358	2018	43,063	43,063
Improving Teacher Quality State Grants	84.367	2017	17,512	14,596
		2018	70,384	70,384
Total Improving Teacher Quality State Grants			87,896	84,980
Student Support & Academic Enrichment Program	84.424	2018	6,000	10,000
Total U.S. Department of Education			1,491,083	1,389,063
Total Federal Awards Receipts and Expenditures			**$2,609,089**	**$2,507,069**

The accompanying notes are an integral part of this Schedule.

MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Maysville Local School District (the School District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receipts and Expenditures reported on the Schedule are reported on the cash basis of accounting. 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 School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The 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 programs that benefitted from the use of those donated food commodities.

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

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 7, 2019, wherein we noted the School District and its discretely presented component units adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School 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 School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School 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 School 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 School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The School 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 School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2019

MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

MAYSVILLE LOCAL SCHOOL DISTRICT

MUSKINGUM 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 21, 2019