

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

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



# OHIO AUDITOR OF STATE KEITH FABER



Board of Education  
Wynford Local School District  
3288 Holmes Center Road  
Bucyrus, OH 44820

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

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

February 27, 2019

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**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Wynford Local School District  
Crawford County  
3288 Holmes Center Road  
Bucyrus, Ohio 44820-9462

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wynford Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Wynford Local 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 Wynford Local 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 Wynford Local 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, each major fund, and the aggregate remaining fund information of the Wynford Local School District, Crawford 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 fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during fiscal year 2018, the Wynford Local School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other 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 Wynford Local School District's basic financial statements taken as a whole.

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule 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 December 13, 2018, on our consideration of the Wynford Local 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 Wynford Local School District's internal control over financial reporting and compliance.





**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The management's discussion and analysis of the Wynford Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the 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 District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2018 are as follows:

- In total, net position of governmental activities increased \$19,045,178, which represents a 181.92% increase from fiscal year 2017's restated net position.
- General revenues accounted for \$22,982,187 in revenue or 87.15% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,388,571 in revenue or 12.85% of total revenues of \$26,370,758.
- The District had \$7,325,580 in expenses related to governmental activities; \$3,388,571 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$22,982,187 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the building fund, and the classroom facilities fund. The general fund had \$12,521,046 in revenues and \$11,070,674 in expenditures and other financing uses. During fiscal year 2018, the general fund's fund balance increased \$1,450,372 from \$2,999,038 to \$4,449,410.
- The building fund had \$17,305,691 in revenues and other financing sources and \$10,796,740 in expenditures and other financing uses. During fiscal year 2018, the building fund's fund balance increased \$6,508,951 from \$0 to \$6,508,951.
- The classroom facilities fund had \$11,816,972 in revenues and other financing sources. During fiscal year 2018, the classroom facilities fund's fund balance increased \$11,816,972 from \$0 to \$11,816,972.

**Using the Basic Financial Statements (BFS)**

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, building fund, and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

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

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 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, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the building fund and the classroom facilities fund.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-24 of this report.

*Proprietary Funds*

The District maintains one proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for a medical/hospitalization, prescription drug, and dental self-insurance program. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. This activity is reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 28-29. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-78 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 80-93 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole.

The table on the following page provides a summary of the District's net position at June 30, 2018 and June 30, 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Net Position</b>	
	Governmental Activities 2018	Restated Governmental Activities 2017
	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets	\$ 40,904,029	\$ 9,392,135
Capital assets, net	<u>6,880,536</u>	<u>6,984,710</u>
Total assets	<u>47,784,565</u>	<u>16,376,845</u>
<u>Deferred Outflows of Resources</u>	<u>4,400,458</u>	<u>3,479,972</u>
<u>Liabilities</u>		
Current liabilities	1,299,669	1,187,922
Long-term liabilities:		
Due within one year	807,887	588,067
Due in more than one year:		
Net pension liability	12,953,817	17,680,209
Net OPEB liability	2,762,365	3,471,135
Other amounts	<u>21,165,010</u>	<u>4,384,832</u>
Total liabilities	<u>38,988,748</u>	<u>27,312,165</u>
<u>Deferred Inflows of Resources</u>	<u>4,619,797</u>	<u>3,013,352</u>
<u>Net Position</u>		
Net investment in capital assets	2,754,229	2,715,180
Restricted	12,932,714	981,994
Unrestricted (deficit)	<u>(7,110,465)</u>	<u>(14,165,874)</u>
Total net position (deficit)	<u>\$ 8,576,478</u>	<u>\$ (10,468,700)</u>

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

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

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

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

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from a deficit of \$7,016,467 to a deficit of \$10,468,700.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$8,576,478. Of this total, \$12,932,714 is restricted in use.

The District's net pension liability decreased \$4,726,392. This decrease is the result of the overall pension systems' liability decrease and the District reporting its proportional share of that decrease.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

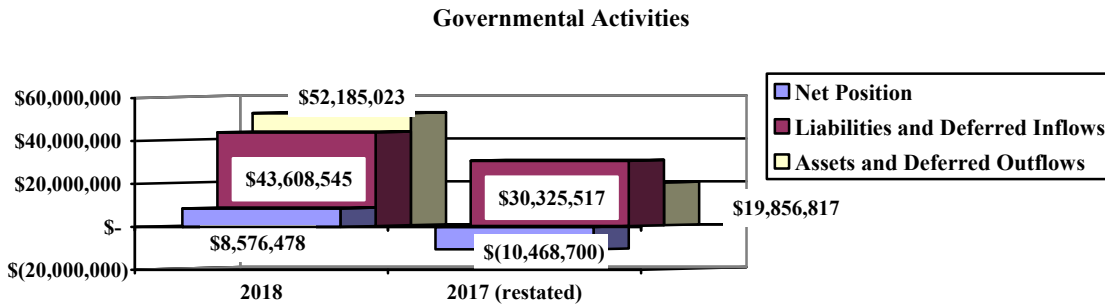
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The District's assets increased \$31,407,720 primarily due to the issuance of Series 2018 School Facilities Construction bonds and an intergovernmental receivable from the Ohio Facilities Construction Commission (OFCC) related to school facilities construction.

At fiscal year-end, capital assets represented 14.40% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2018 was \$2,754,229. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$12,932,714, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$7,110,465.

The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2018 and June 30, 2017.



The table below shows the changes in net position for governmental activities for fiscal years 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	<b>Change in Net Position</b>	
	Governmental Activities 2018	Restated Governmental Activities 2017
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,079,769	\$ 1,924,826
Operating grants and contributions	1,308,802	1,381,092
General revenues:		
Property taxes	5,510,891	4,427,946
Grants and entitlements	17,311,928	6,321,539
Investment earnings	104,793	12,310
Miscellaneous	54,575	114,608
<b>Total revenues</b>	<b>26,370,758</b>	<b>14,182,321</b>

(Continued)

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Change in Net Position (Continued)</b>	
	Governmental	Restated
	Activities	Governmental
	<u>2018</u>	<u>2017</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 1,655,316	\$ 4,616,585
Special	949,877	1,675,945
Vocational	981	16,864
Adult education	1,008	1,053
Other	874,667	739,524
Support services:		
Pupil	585,436	922,854
Instructional staff	271,682	495,954
Board of education	8,345	14,437
Administration	427,995	1,109,624
Fiscal	318,942	438,771
Business	9,980	8,676
Operations and maintenance	474,629	1,378,345
Pupil transportation	425,102	747,027
Central	130,671	202,817
Operation of non-instructional services:		
Food service operations	410,925	451,322
Other non-instructional services	599	763
Extracurricular activities	155,245	410,198
Interest and fiscal charges	<u>624,180</u>	<u>221,553</u>
Total expenses	<u>7,325,580</u>	<u>13,452,312</u>
Change in net position	19,045,178	730,009
Net position (deficit) at beginning of year (restated)	<u>(10,468,700)</u>	<u>N/A</u>
Net position (deficit) at end of year	<u>\$ 8,576,478</u>	<u>\$ (10,468,700)</u>

**Governmental Activities**

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 \$18,902 computed under GASB 45. GASB 45 required recognizing OPEB 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 \$483,621.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$ 7,325,580
Negative OPEB expense under GASB 75	483,621
2018 contractually required contributions	<u>25,882</u>
Adjusted 2018 program expenses	7,835,083
Total 2017 program expenses under GASB 45	<u>13,452,312</u>
Decrease in program expenses not related to OPEB	<u>\$ (5,617,229)</u>

Overall, expenses of the governmental activities decreased \$6,126,732 or 45.54%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported (\$4,173,650) in pension expense and (\$483,621) in OPEB expense mainly due to these benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities. To assess fluctuations in program expenses, the increase or decrease in pension expense should be factored into the analysis. Pension expense, by function, for 2018 and 2017 follows:

	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Program expenses:			
Instruction:			
Regular	\$ (2,025,372)	\$ 675,475	\$ (2,700,847)
Special	(603,837)	209,421	(813,258)
Vocational	(2,200)	869	(3,069)
Other	(228)	-	(228)
Support services:			
Pupil	(246,777)	81,363	(328,140)
Instructional staff	(132,849)	49,861	(182,710)
Board of education	(4,256)	771	(5,027)
Administration	(481,659)	156,544	(638,203)
Fiscal	(119,023)	37,452	(156,475)
Operations and maintenance	(189,773)	61,871	(251,644)
Pupil transportation	(210,239)	69,150	(279,389)
Central	(2,798)	12,677	(15,475)
Operation of non-instructional services:			
Food service operations	-	2,562	(2,562)
Extracurricular activities	<u>(154,639)</u>	<u>52,278</u>	<u>(206,917)</u>
Total	<u>\$ (4,173,650)</u>	<u>\$ 1,410,294</u>	<u>\$ (5,583,944)</u>



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

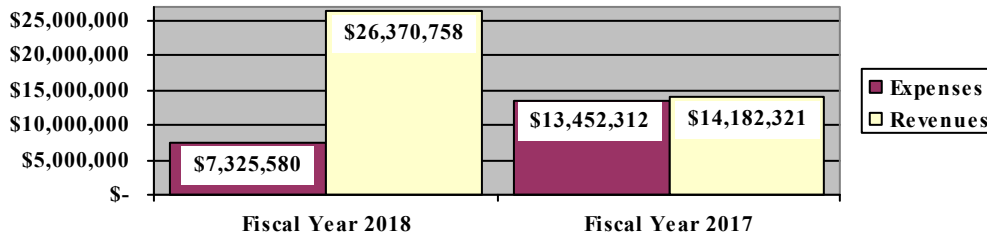
Net position of the District’s governmental activities increased \$19,045,178. Total governmental expenses of \$7,325,580 were offset by program revenues of \$3,388,571 and general revenues of \$22,982,187. Program revenues supported 46.26% of total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 86.55% of total governmental revenue. Grants and entitlements (general revenue) increased from the prior fiscal year due to \$10,979,626 grant from the OFCC related to schools facilities construction. Grant and entitlement revenue consists primarily of funding from the State of Ohio primarily in the form of Foundation payments and the State’s portion of the OFCC construction project.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$3,481,849 or 47.53% of total governmental expenses for fiscal year 2018.

The graph below presents the District’s governmental activities revenues and expenses for fiscal years 2018 and 2017.

**Governmental Activities - Revenues and Expense**



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 1,655,316	\$ (91,835)	\$ 4,616,585	\$ 3,087,608
Special	949,877	17,571	1,675,945	627,500
Vocational	981	(4,587)	16,864	15,116
Adult education	1,008	1	1,053	9
Other	874,667	874,667	739,524	739,524
Support services:				
Pupil	585,436	566,136	922,854	913,187
Instructional staff	271,682	95,773	495,954	301,072
Board of education	8,345	8,345	14,437	14,437
Administration	427,995	427,995	1,109,624	1,109,624
Fiscal	318,942	317,689	438,771	437,527
Business	9,980	9,980	8,676	8,676
Operations and maintenance	474,629	456,303	1,378,345	1,378,295
Pupil transportation	425,102	411,111	747,027	734,098
Central	130,671	125,271	202,817	197,417
Operation of non-instructional services:				
Food service operations	410,925	48,376	451,322	46,823
Other non-instructional services	599	599	763	497
Extracurricular activities	155,245	49,434	410,198	313,431
Interest and fiscal charges	<u>624,180</u>	<u>624,180</u>	<u>221,553</u>	<u>221,553</u>
<b>Total expenses</b>	<u>\$ 7,325,580</u>	<u>\$ 3,937,009</u>	<u>\$ 13,452,312</u>	<u>\$ 10,146,394</u>

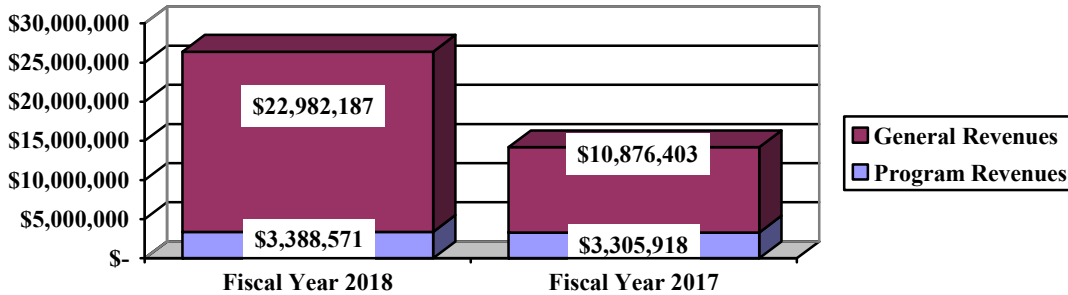
The dependence upon taxes and other general revenues for governmental activities is apparent, as 22.86% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 53.74%. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The graph below presents the District's governmental activities revenue for fiscal years 2018 and 2017.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$25,219,149, which is greater than last year's total balance of \$4,293,149. The table below indicates the fund balance and the total change in fund balance as of June 30, 2018 and June 30, 2017.

	<u>Fund Balance June 30, 2018</u>	<u>Fund Balance June 30, 2017</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 4,449,410	\$ 2,999,038	\$ 1,450,372	48.36 %
Building	6,508,951	-	6,508,951	100.00 %
Classroom facilities	11,816,972	-	11,816,972	100.00 %
Nonmajor governmental	2,443,816	1,294,111	1,149,705	88.84 %
Total	<u>\$ 25,219,149</u>	<u>\$ 4,293,149</u>	<u>\$ 20,926,000</u>	487.43 %

**General Fund**

The District's general fund balance increased \$1,450,372. The table below illustrates general fund revenues.

	<u>2018 Amount</u>	<u>2017 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues</b>				
Taxes	\$ 4,055,862	\$ 3,890,938	\$ 164,924	4.24 %
Tuition	1,810,015	1,680,771	129,244	7.69 %
Earnings on investments	17,861	12,290	5,571	45.33 %
Classroom materials and fees	7,977	9,283	(1,306)	(14.07) %
Intergovernmental	6,574,606	6,575,162	(556)	(0.01) %
Other revenues	54,725	114,658	(59,933)	(52.27) %
Total	<u>\$ 12,521,046</u>	<u>\$ 12,283,102</u>	<u>\$ 237,944</u>	1.94 %

Revenues of the general fund increased \$237,944 or 1.94%. Property tax revenue increased due to an increase in the assessed valuation of the District and earnings on investments increased due to improvements in the economy and rising interest rates. Tuition revenues increased due to an increase in special education tuition receipts.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The table below illustrates general fund expenses.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 6,372,596	\$ 6,309,901	\$ 62,695	0.99 %
Support services	4,189,864	4,480,668	(290,804)	(6.49) %
Other non-instructional services	599	600	(1)	(0.17) %
Extracurricular activities	310,023	312,777	(2,754)	(0.88) %
Capital outlay	-	7,630	(7,630)	(100.00) %
Debt service	101,213	26,879	74,334	276.55 %
Total	<u>\$ 10,974,295</u>	<u>\$ 11,138,455</u>	<u>\$ (164,160)</u>	(1.47) %

Expenditures of the general fund decreased \$164,160 or 1.47%. Support services expenditures decreased \$290,804 primarily due to decreased pupil transportation costs. The increase in debt service is the result of the District beginning making payments on the HB 264 note.

***Building Fund***

The building fund had \$17,305,691 in revenues and other financing sources and \$10,796,740 in expenditures and other financing uses. During fiscal year 2018, the building fund's fund balance increased \$6,508,951 from \$0 to \$6,508,951. This increase was primarily due to an issuance of OFCC bonds.

***Classroom facilities Fund***

The classroom facilities fund had \$11,816,972 in revenues and other financing sources. During fiscal year 2018, the classroom facilities fund's fund balance increased \$11,816,972 from \$0 to \$11,816,972. This increase was primarily due to a transfer from the building fund of bond proceeds to finance the OFCC construction project and intergovernmental grant revenue related to the OFCC project.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2018, the District amended its general fund budget multiple times. For the general fund, original budgeted revenues and other financing sources were \$12,126,690 and final budgeted revenues and other financing sources were \$12,872,275. Actual revenues and other financing sources for fiscal year 2018 were \$12,881,594. This represents a \$9,319 increase from final budgeted amounts.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$12,250,440 and final budgeted amounts totaled \$12,688,169. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled \$11,964,721, which was \$723,448 less than the final budgeted amounts.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2018, the District had \$6,880,536 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The following table shows June 30, 2018 balances compared to June 30, 2017 balances:

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2018	2017
Land	\$ 230,237	\$ 230,237
Land improvements	72,541	89,279
Buildings and improvements	5,280,055	5,450,456
Furniture and equipment	767,141	740,421
Vehicles	530,562	474,317
Total	\$ 6,880,536	\$ 6,984,710

The overall decrease in capital assets of \$104,174 is due to depreciation expense of \$355,908 and net disposals of \$9,878 exceeding capital outlays of \$261,612.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2018, the District had \$440,000 in series 1999 general obligation bonds, \$17,060,000 in series 2018 general obligation bonds, \$2,375,000 in series 2008 general obligation bonds, \$119,995 in capital appreciation bonds, \$311,570 in accreted interest, \$708,647 in Series 2017 Energy Conservation Notes, and \$17,413 in capital lease obligations. Of this total, \$752,374 is due within one year and \$20,280,251 is due in more than one year. The following table summarizes the bonds and capital lease obligations outstanding at June 30, 2018 and June 30, 2017.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2018	2017
General obligation bonds - series 1999	\$ 440,000	\$ 850,000
General obligation bonds - series 2018	17,060,000	-
Refunding bonds - series 2008		
Current interest bonds	2,375,000	2,410,000
Capital appreciation bonds	119,995	119,995
Accreted interest	311,570	261,137
Energy Conservation Note	708,647	773,070
Capital lease obligations	17,413	29,733
Total	\$ 21,032,625	\$ 4,443,935

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Current Financial Related Activities**

Consistent with many school districts in Ohio, the District is forced to face the difficult challenges of maintaining the highest standards of service to the students and the community, while striving to remain financially solvent. A new funding model (HB64) was introduced under Governor John Kasich's leadership and was approved by the House and Senate in June of 2015. Through this model, the District received approximately the same funding in fiscal year 2018 as it did in fiscal years 2016 and 2017. It is important to note that a new biennium budget will be effective on July 1, 2018. The District plans to continue to monitor how any new funding model's calculations, changes in the State's biennium budget, and corresponding decisions on school funding affect the District's budget.

As of June 30, 2018, the District's five-year forecast shows a positive carryover to the subsequent year at the end of fiscal years 2018 through 2022. Although the current forecast displays a favorable outlook in each of the five years, the District will continue to make adjustments, closely monitor the annual results of the partially self-insured Health Savings Account plan for its medical and prescription insurance, maintain careful spending, and identify ways to further trim expenditures that will continue to ensure elimination of potential negative margins in future years. It should be noted that the certified and classified staff negotiated a base pay freeze for fiscal years 2012 through 2014 with minimal increases in the following years. The generous agreements by the staff greatly contribute to a positive forecast in the future. It should also be noted that the passage of a \$350,000 emergency level renewal and a 6.9 mill operating levy renewal in May 2018, was essential to continuing the positive carryover balances in fiscal years 2019 and beyond. The consistent voter approval of both renewal levies exemplifies the support of the District's community to maintain expenditures to provide a quality education to the students. The community provided additional support in November, 2017, when the voters approved a bond levy for construction of a new building for grades six through twelve. In addition, the bond levy will provide funding for renovations at the Wynford Elementary building for such items as technology and replacement of windows, doors, and the chillers for the building. The Board of Education will continue to monitor the projections included in the five year forecast and make decisions accordingly, including attempting to identify additional cost savings with the administration and staff's assistance.

The District continues to face many challenges in the future and stabilizing the District's finances is critical to continuing its academic excellence. The District's community takes pride in its schools and values the education its students receive. The Board of Education, along with the administration and staff, is committed to working with the community in order to maintain their support and to continue operating a safe, effective, and efficient school system.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Leesa Smith, Treasurer, Wynford Local School District, 3288 Holmes Center Road, Bucyrus, Ohio 44820-9462.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2018

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 24,829,533
Investments. . . . .	27,844
Receivables:	
Property taxes . . . . .	5,938,558
Accounts. . . . .	37,473
Accrued interest . . . . .	4,808
Intergovernmental . . . . .	10,041,598
Prepayments . . . . .	24,215
Capital assets:	
Nondepreciable capital assets . . . . .	230,237
Depreciable capital assets, net. . . . .	6,650,299
Capital assets, net. . . . .	6,880,536
Total assets. . . . .	47,784,565
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	7,453
Pension (Note 12). . . . .	4,230,596
OPEB (Note 13). . . . .	162,409
Total deferred outflows of resources . . . . .	4,400,458
<b>Liabilities:</b>	
Accounts payable. . . . .	31,527
Accrued wages and benefits payable . . . . .	749,159
Pension and postemployment benefits payable . . . . .	154,130
Intergovernmental payable . . . . .	41,845
Accrued interest payable . . . . .	195,226
Unearned revenue . . . . .	3
Claims payable. . . . .	127,779
Long-term liabilities:	
Due within one year. . . . .	807,887
Due in more than one year:	
Net pension liability (Note 12) . . . . .	12,953,817
Net OPEB liability (Note 13) . . . . .	2,762,365
Other amounts due in more than one year . . . . .	21,165,010
Total liabilities . . . . .	38,988,748
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	3,711,147
Pension (Note 12). . . . .	565,876
OPEB (Note 13). . . . .	342,774
Total deferred inflows of resources . . . . .	4,619,797
<b>Net position:</b>	
Net investment in capital assets . . . . .	2,754,229
Restricted for:	
Capital projects . . . . .	11,063,800
Classroom facilities maintenance . . . . .	84,375
Debt service. . . . .	1,604,455
Locally funded programs . . . . .	9,050
State funded programs. . . . .	1,212
Federally funded programs . . . . .	35,017
Student activities . . . . .	106,609
Other purposes . . . . .	28,196
Unrestricted (deficit) . . . . .	(7,110,465)
Total net position (deficit). . . . .	\$ 8,576,478

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,655,316	\$ 1,657,017	\$ 90,134	\$ 91,835
Special . . . . .	949,877	175,918	756,388	(17,571)
Vocational . . . . .	981	-	5,568	4,587
Adult/continuing. . . . .	1,008	-	1,007	(1)
Other . . . . .	874,667	-	-	(874,667)
Support services:				
Pupil. . . . .	585,436	-	19,300	(566,136)
Instructional staff . . . . .	271,682	-	175,909	(95,773)
Board of education . . . . .	8,345	-	-	(8,345)
Administration. . . . .	427,995	-	-	(427,995)
Fiscal. . . . .	318,942	-	1,253	(317,689)
Business. . . . .	9,980	-	-	(9,980)
Operations and maintenance . . . . .	474,629	150	18,176	(456,303)
Pupil transportation. . . . .	425,102	-	13,991	(411,111)
Central . . . . .	130,671	-	5,400	(125,271)
Operation of non-instructional services:				
Food service operations . . . . .	410,925	141,966	220,583	(48,376)
Other non-instructional services . . . . .	599	-	-	(599)
Extracurricular activities. . . . .	155,245	104,718	1,093	(49,434)
Interest and fiscal charges . . . . .	624,180	-	-	(624,180)
<b>Totals . . . . .</b>	<b>\$ 7,325,580</b>	<b>\$ 2,079,769</b>	<b>\$ 1,308,802</b>	<b>(3,937,009)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	4,019,146
Debt service. . . . .	1,322,610
Capital outlay. . . . .	84,568
Classroom facilities and maintenance. . . . .	84,567
Grants and entitlements not restricted to specific programs . . . . .	6,332,302
Grants restricted for Ohio Facilities Construction Commission . . . . .	10,979,626
Investment earnings . . . . .	104,793
Miscellaneous . . . . .	54,575
<b>Total general revenues . . . . .</b>	<b>22,982,187</b>
Change in net position . . . . .	19,045,178
<b>Net position (deficit) at beginning of year (restated) . . . . .</b>	<b>(10,468,700)</b>
<b>Net position at end of year. . . . .</b>	<b>\$ 8,576,478</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and investments. . . . .	\$ 3,787,257	\$ 6,508,951	\$ 11,816,972	\$ 1,906,481	\$ 24,019,661
Investments. . . . .	-	-	-	27,844	27,844
Receivables:					
Property taxes. . . . .	4,264,409	-	-	1,674,149	5,938,558
Accounts . . . . .	31,747	-	-	5,707	37,454
Accrued interest . . . . .	-	-	4,808	-	4,808
Interfund loans . . . . .	25,486	-	-	-	25,486
Intergovernmental. . . . .	133,775	-	9,793,822	114,001	10,041,598
Prepayments. . . . .	24,215	-	-	-	24,215
Total assets . . . . .	<u>\$ 8,266,889</u>	<u>\$ 6,508,951</u>	<u>\$ 21,615,602</u>	<u>\$ 3,728,182</u>	<u>\$ 40,119,624</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 30,795	\$ -	\$ -	\$ 732	\$ 31,527
Accrued wages and benefits payable . . . . .	691,562	-	-	57,597	749,159
Intergovernmental payable . . . . .	41,010	-	-	835	41,845
Pension and postemployment benefits payable . . . . .	151,515	-	-	2,615	154,130
Interfund loans payable. . . . .	-	-	-	25,486	25,486
Unearned revenue. . . . .	3	-	-	-	3
Total liabilities. . . . .	<u>914,885</u>	<u>-</u>	<u>-</u>	<u>87,265</u>	<u>1,002,150</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year. . . . .	2,622,235	-	-	1,088,912	3,711,147
Delinquent property tax revenue not available. . . . .	187,206	-	-	73,172	260,378
Classroom materials and fees revenue not available. . . . .	22,557	-	-	-	22,557
Intergovernmental revenue not available. . . . .	65,036	-	9,793,822	35,017	9,893,875
Accrued interest not available. . . . .	-	-	4,808	-	4,808
Miscellaneous revenue not available. . . . .	5,560	-	-	-	5,560
Total deferred inflows of resources . . . . .	<u>2,902,594</u>	<u>-</u>	<u>9,798,630</u>	<u>1,197,101</u>	<u>13,898,325</u>
<b>Fund balances:</b>					
Nonspendable:					
Prepays. . . . .	24,215	-	-	-	24,215
Restricted:					
Debt service . . . . .	-	-	-	2,046,188	2,046,188
Capital improvements . . . . .	-	6,508,951	11,816,972	-	18,325,923
Classroom facilities maintenance . . . . .	-	-	-	80,321	80,321
Food service operations . . . . .	-	-	-	27,824	27,824
Extracurricular activities . . . . .	-	-	-	106,609	106,609
Other purposes. . . . .	-	-	-	10,634	10,634
Committed:					
Capital improvements . . . . .	-	-	-	202,822	202,822
Student and staff support . . . . .	132,419	-	-	-	132,419
Student instruction . . . . .	39,332	-	-	-	39,332
Assigned:					
Student instruction . . . . .	33,760	-	-	-	33,760
Student and staff support. . . . .	125,129	-	-	-	125,129
Unassigned (deficit) . . . . .	4,094,555	-	-	(30,582)	4,063,973
Total fund balances . . . . .	<u>4,449,410</u>	<u>6,508,951</u>	<u>11,816,972</u>	<u>2,443,816</u>	<u>25,219,149</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 8,266,889</u>	<u>\$ 6,508,951</u>	<u>\$ 21,615,602</u>	<u>\$ 3,728,182</u>	<u>\$ 40,119,624</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2018

<b>Total governmental fund balances</b>		\$	25,219,149
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,880,536
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	260,378	
Accounts receivable		28,117	
Accrued interest receivable		4,808	
Intergovernmental receivable		9,893,875	
Total			10,187,178
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 on the statement of net position.			682,112
Unamortized premiums on bonds issued are not recognized in the funds.			(472,705)
Unamortized amounts on refundings are not recognized in the funds.			7,453
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred outflows and inflows are not reported in governmental funds.			
Deferred outflows - Pension		4,230,596	
Deferred Inflows - Pension		(565,876)	
Net pension liability		(12,953,817)	
Total			(9,289,097)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred outflows and inflows are not reported in governmental funds.			
Deferred outflows - OPEB		162,409	
Deferred Inflows - OPEB		(342,774)	
Net OPEB liability		(2,762,365)	
Total			(2,942,730)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(195,226)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(467,567)	
General obligation bonds payable		(20,306,565)	
Notes payable		(708,647)	
Capital lease obligations payable		(17,413)	
Total			(21,500,192)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>8,576,478</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 4,055,862	\$ -	\$ -	\$ 1,447,621	\$ 5,503,483
Tuition . . . . .	1,810,015	-	-	-	1,810,015
Earnings on investments . . . . .	17,861	-	18,580	214	36,655
Charges for services . . . . .	-	-	-	141,966	141,966
Extracurricular . . . . .	-	-	-	99,570	99,570
Classroom materials and fees . . . . .	7,977	-	-	-	7,977
Rental income . . . . .	150	-	-	-	150
Contributions and donations . . . . .	-	-	-	49,894	49,894
Contract services . . . . .	-	-	-	5,148	5,148
Other local revenues . . . . .	54,575	-	-	362	54,937
Intergovernmental - state . . . . .	6,508,867	-	1,185,804	117,756	7,812,427
Intergovernmental - federal . . . . .	65,739	-	-	876,861	942,600
Increase in fair value of investments . . . . .	-	-	63,535	-	63,535
Total revenues . . . . .	<u>12,521,046</u>	<u>-</u>	<u>1,267,919</u>	<u>2,739,392</u>	<u>16,528,357</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	4,157,146	-	-	105,181	4,262,327
Special . . . . .	1,336,664	-	-	380,275	1,716,939
Vocational . . . . .	3,824	-	-	-	3,824
Adult/continuing . . . . .	-	-	-	1,008	1,008
Other . . . . .	874,962	-	-	-	874,962
Support services:					
Pupil . . . . .	884,439	-	-	18,500	902,939
Instructional staff . . . . .	264,914	-	-	177,831	442,745
Board of education . . . . .	13,860	-	-	-	13,860
Administration . . . . .	1,040,291	-	-	-	1,040,291
Fiscal . . . . .	412,291	-	-	30,434	442,725
Business . . . . .	9,980	-	-	-	9,980
Operations and maintenance . . . . .	704,205	-	-	23,001	727,206
Pupil transportation . . . . .	742,157	-	-	14,080	756,237
Central . . . . .	117,727	-	-	5,400	123,127
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	411,061	411,061
Other non-instructional services . . . . .	599	-	-	-	599
Extracurricular activities . . . . .	310,023	-	-	78,130	388,153
Facilities acquisition and construction . . . . .	-	1,996	-	-	1,996
Debt service:					
Principal retirement . . . . .	76,743	-	-	445,000	521,743
Interest and fiscal charges . . . . .	24,470	-	-	131,169	155,639
Bond issuance costs . . . . .	-	245,691	-	-	245,691
Total expenditures . . . . .	<u>10,974,295</u>	<u>247,687</u>	<u>-</u>	<u>1,821,070</u>	<u>13,043,052</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,546,751</u>	<u>(247,687)</u>	<u>1,267,919</u>	<u>918,322</u>	<u>3,485,305</u>
<b>Other financing sources (uses):</b>					
Premium on bonds issued . . . . .	-	245,691	-	135,004	380,695
Issuance of bonds . . . . .	-	17,060,000	-	-	17,060,000
Transfers in . . . . .	-	-	10,549,053	96,379	10,645,432
Transfers (out) . . . . .	(96,379)	(10,549,053)	-	-	(10,645,432)
Total other financing sources (uses) . . . . .	<u>(96,379)</u>	<u>6,756,638</u>	<u>10,549,053</u>	<u>231,383</u>	<u>17,440,695</u>
Net change in fund balances . . . . .	1,450,372	6,508,951	11,816,972	1,149,705	20,926,000
<b>Fund balances at beginning of year . . . . .</b>	<u>2,999,038</u>	<u>-</u>	<u>-</u>	<u>1,294,111</u>	<u>4,293,149</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,449,410</u>	<u>\$ 6,508,951</u>	<u>\$ 11,816,972</u>	<u>\$ 2,443,816</u>	<u>\$ 25,219,149</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<b>Net change in fund balances - total governmental funds</b>	\$	20,926,000
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 261,612	
Current year depreciation	(355,908)	
Total		(94,296)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(9,878)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	7,408	
Other local revenues	(2,000)	
Tuition	5,560	
Earnings on investments	4,808	
Classroom materials and fees	9,383	
Intergovernmental	9,815,611	
Total		9,840,770
Repayment of bond, note, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
General obligation bonds	445,000	
Notes payable	64,423	
Capital lease obligations	12,320	
Total		521,743
Issuance of bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net position.		
		(17,060,000)
Premiums on bonds issued are amortized over the life of the issuance in the statement of activities.		
		(380,695)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		886,520
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		4,173,650
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		25,882
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		483,621
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(174,593)	
Accreted interest on capital appreciation bonds	(50,433)	
Amortization of bond premiums	20,067	
Amortization of deferred charges of refundings	(17,891)	
Total		(222,850)

*(Continued)*

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 *(Continued)*

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(59,221)
An 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.	<u>13,932</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 19,045,178</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 3,725,683	\$ 3,957,613	\$ 3,957,612	\$ (1)
Tuition . . . . .	1,709,081	1,818,631	1,815,474	(3,157)
Earnings on investments . . . . .	16,814	18,000	17,861	(139)
Classroom materials and fees . . . . .	7,513	8,466	7,981	(485)
Rental income . . . . .	141	200	150	(50)
Other local revenues . . . . .	8,316	8,000	8,834	834
Intergovernmental - state . . . . .	6,103,258	6,478,826	6,483,195	4,369
Intergovernmental - federal . . . . .	23,902	18,000	25,390	7,390
<b>Total revenues . . . . .</b>	<u>11,594,710</u>	<u>12,307,736</u>	<u>12,316,497</u>	<u>8,761</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,330,769	4,485,520	4,229,764	255,756
Special . . . . .	1,405,793	1,456,024	1,373,005	83,019
Vocational . . . . .	3,917	4,057	3,826	231
Other . . . . .	911,186	943,744	889,934	53,810
Support services:				
Pupil . . . . .	913,724	946,373	892,413	53,960
Instructional staff . . . . .	293,014	303,484	286,180	17,304
Board of education . . . . .	20,291	21,016	19,818	1,198
Administration . . . . .	1,097,089	1,136,289	1,071,501	64,788
Fiscal . . . . .	434,229	449,744	424,101	25,643
Business . . . . .	11,283	11,686	11,020	666
Operations and maintenance . . . . .	822,681	852,076	803,493	48,583
Pupil transportation . . . . .	874,363	905,605	853,970	51,635
Central . . . . .	131,323	136,015	128,260	7,755
Operation of non-instructional services:				
Other non-instructional services . . . . .	614	636	600	36
Extracurricular activities . . . . .	274,955	284,779	268,542	16,237
Debt service:				
Principal . . . . .	65,961	68,318	64,423	3,895
Interest and fiscal charges . . . . .	23,819	24,670	23,263	1,407
<b>Total expenditures . . . . .</b>	<u>11,615,011</u>	<u>12,030,036</u>	<u>11,344,113</u>	<u>685,923</u>
<b>Excess of revenues over (under) expenditures . . . . .</b>	<u>(20,301)</u>	<u>277,700</u>	<u>972,384</u>	<u>694,684</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	52,602	55,877	55,877	-
Transfers in . . . . .	130,941	138,533	139,092	559
Transfers (out) . . . . .	(241,031)	(249,643)	(235,409)	14,234
Advances in . . . . .	348,437	370,129	370,128	(1)
Advances (out) . . . . .	(394,398)	(408,490)	(385,199)	23,291
<b>Total other financing sources (uses) . . . . .</b>	<u>(103,449)</u>	<u>(93,594)</u>	<u>(55,511)</u>	<u>38,083</u>
<b>Net change in fund balance . . . . .</b>	<u>(123,750)</u>	<u>184,106</u>	<u>916,873</u>	<u>732,767</u>
<b>Fund balance at beginning of year . . . . .</b>	2,341,698	2,341,698	2,341,698	-
<b>Prior year encumbrances appropriated . . . . .</b>	165,866	165,866	165,866	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,383,814</u>	<u>\$ 2,691,670</u>	<u>\$ 3,424,437</u>	<u>\$ 732,767</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2018

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Current:	
Equity in pooled cash and cash equivalents . . . . .	\$ 809,872
Receivables:	
Accounts . . . . .	19
Total assets. . . . .	<u>809,891</u>
<b>Liabilities:</b>	
Current:	
Claims payable . . . . .	<u>127,779</u>
Total liabilities . . . . .	<u>127,779</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>682,112</u>
Total net position. . . . .	<u>\$ 682,112</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 754,727
<b>Operating expenses:</b>	
Purchased services. . . . .	263,744
Claims . . . . .	477,060
Total operating expenses. . . . .	740,804
Operating income . . . . .	13,923
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	9
Change in net position . . . . .	13,932
<b>Net position at beginning of year . . . . .</b>	<b>668,180</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 682,112</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 754,727
Cash payments for purchased services . . . . .	(263,763)
Cash payments for claims . . . . .	(479,281)
	11,683
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	9
	9
Net cash provided by investing activities . . . . .	9
Net increase in cash and cash equivalents. . . . .	11,692
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>798,180</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 809,872</b>
	<b>809,872</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 13,923
Changes in assets and liabilities:	
(Increase) in accounts receivable. . . . .	(19)
(Decrease) in claims payable . . . . .	(2,221)
	(2,240)
Net cash provided by operating activities. . . . .	<b>\$ 11,683</b>
	<b>11,683</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 776	\$ 97,274
Receivables:		
Accounts . . . . .	-	101
Total assets. . . . .	776	\$ 97,375
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 669
Intergovernmental payable . . . . .	-	7,733
Due to students. . . . .	-	88,973
Total liabilities . . . . .	-	\$ 97,375
<b>Net position:</b>		
Held in trust for scholarships . . . . .	776	
Total net position. . . . .	\$ 776	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 1,000
<b>Deductions:</b>	
Scholarships awarded . . . . .	1,000
Change in net position . . . . .	-
<b>Net position at beginning of year. . . . .</b>	<b>776</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 776</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Wynford Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio to provide educational services to students and other community members of the District. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District. The District serves an area of approximately 327 square miles in Crawford County, and includes portions of the City of Bucyrus, the Village of Nevada and portions of surrounding townships.

The District currently operates two instructional buildings and a bus garage. The District is staffed by 87 certified and 34 non-certified employees to provide services to approximately 1,374 students and other community members.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

*Pioneer Career and Technology Center (PCTC)*

The PCTC is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, Ohio 44875-0309.

*Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")*

The COG is a jointly governed organization among 15 school districts, an educational service center, and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The COG 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. Each member school district supports the COG based on a per-pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of Superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2018, the District paid \$75,235 to the COG for various services. Financial information can be obtained from the Treasurer of the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

*INSURANCE PURCHASING POOL*

*Ohio School Boards Association Workers' Compensation Group Rating Plan*

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

*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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building fund - The building fund is used to account for monies received and expended in connection with the District's Locally Funded Initiatives (LFI).

Classroom facilities fund - The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) financial resources that are restricted, committed, or assigned to disbursements for principal and interest, and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program, which provides medical/surgical and dental benefits to employees.

*FIDUCIARY FUNDS*

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the 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 District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

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

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



**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include claims and purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Basis of Accounting**

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

*Revenues - Exchange and Nonexchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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. See Note 12 and 13 for the deferred outflows of resources related to the District's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

In addition, for the District, see Note 12 and 13 for the deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2018 is as follows:

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. Crawford County has waived this requirement for fiscal year 2018.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2018.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to July 1, 2018. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

During fiscal year 2018, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) U.S. Treasury Notes, U.S. Treasury Bills, commercial paper, a U.S. Government money market mutual fund, and nonnegotiable certificates of deposit. Except for investments in STAR Ohio and nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$17,861, which includes \$9,605 assigned from other funds.

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

An analysis of the District's investments at fiscal year end is provided in Note 4.

**G. Inventory Held for Resale**

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

The District did not have any inventory held for resale at June 30, 2018.

**H. Capital Assets**

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$2,500. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 50 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position. The District had \$25,486 in outstanding interfund balances to report at June 30, 2018.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2018, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid, when applicable. The noncurrent portion of the liability is not reported.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, net pension and OPEB liability and 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 year. Bonds and capital lease obligations are recognized as liabilities on the fund financial statements when due.

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**M. Net Position**

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

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

**O. Estimates**

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

**P. Unamortized Bond Premium and Discount/Accounting Gain or Loss**

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**Q. Interfund Activity**

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

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

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

**S. Extraordinary and Special Items**

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



**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

**T. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2018, the District has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension", GASB Statement No. 81 "Irrevocable Split-Interest Agreements" GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 13 to the basic financial statements, and added required supplementary information which is presented on pages 86 - 91 and 93.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ (7,016,467)
Deferred outflows - payments subsequent to measurement date	18,902
Net OPEB liability	(3,471,135)
Restated net position at July 1, 2017	\$ (10,468,700)

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

**B. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 521
Title I	224
Improving Teacher Quality	7,175
Miscellaneous Federal Grants	22,662

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board 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.

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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 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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

At fiscal year end, the District had \$3,825 in undeposited cash on hand, which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

**B. Deposits with Financial Institutions**

At June 30, 2018, the carrying amount of all District deposits was \$7,475,330 and the bank balance of all District deposits was \$7,543,219. Of the bank balance, \$1,602,679 was covered by the FDIC and \$5,940,540 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the District’s financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2018, the District had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturity 6 months or less</u>
Fair value:		
U.S. Treasury Notes	\$ 4,485,938	\$ 4,485,938
U.S. Treasury Bills	3,010,749	3,010,749
Commercial Paper	9,573,708	9,573,708
U.S. Government Money		
Market Mutual Funds	69,724	69,724
Amortized cost:		
STAR Ohio	<u>336,153</u>	<u>336,153</u>
Total	<u>\$ 17,476,272</u>	<u>\$ 17,476,272</u>

The weighted average maturity of investments is 0.22 years.

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CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in U.S. Treasury Notes, U.S. Treasury Bills, and commercial paper are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio and the U.S. Government money market mutual fund an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The U.S. Treasury Notes received an AA+ and Aaa from Standard & Poor's and Moody's respectively. The U.S. Treasury Bills received an A-1+ and P-1 from Standard & Poor's and Moody's respectively. The commercial paper received an A-1/A-1+ and P-1 from Standard & Poor's and Moody's respectively. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair value:		
U.S. Treasury Notes	\$ 4,485,938	25.67
U.S. Treasury Bills	3,010,749	17.23
Commercial Paper	9,573,708	54.78
U.S. Government Money Market Mutual Fund	69,724	0.40
Amortized cost:		
STAR Ohio	<u>336,153</u>	<u>1.92</u>
Total	<u>\$ 17,476,272</u>	<u>100.00</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,475,330
Investments	17,476,272
Cash on hand	<u>3,825</u>
Total	<u>\$ 24,955,427</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 24,857,377
Private-purpose trust fund	776
Agency fund	<u>97,274</u>
Total	<u>\$ 24,955,427</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund transfers for the year ended June 30, 2018, consisted of the following, as reported on the fund financial statements:

<u>Transfers from General fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 96,379
 <u>Transfers from Building fund to:</u>	
Classroom facilities fund	<u>10,549,053</u>
Total	<u>\$ 10,645,432</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

The transfer from the building fund to the classroom facilities fund was made to move bonds proceeds for the District's required local share contribution of the construction project with the OFCC to a specific fund (the classroom facilities fund) as required by the agreement between the District and the OFCC.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund loans receivable/payable at June 30, 2018 consisted of the following as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
General fund	\$ 25,486	\$ -
Nonmajor governmental funds	-	25,486
Total	\$ 25,486	\$ 25,486

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford and Wyandot Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was \$1,454,968 in the general fund, \$455,019 in the bond retirement fund (a nonmajor governmental fund), \$28,523 in the permanent improvement fund (a nonmajor governmental fund), and \$28,523 in the classroom facilities maintenance fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2017 was \$1,356,718 in the general fund and \$162,879 in the bond retirement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

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

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

	2017 Second Half Collections		2018 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 169,559,170	93.97	\$ 171,089,430	93.56
Public utility personal	<u>10,888,020</u>	<u>6.03</u>	<u>11,781,710</u>	<u>6.44</u>
<b>Total</b>	<b><u>\$ 180,447,190</u></b>	<b><u>100.00</u></b>	<b><u>\$ 182,871,140</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation	\$ 53.65		\$ 59.77	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2018 consisted of property taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 5,938,558
Accounts	37,473
Intergovernmental	10,041,598
Accrued interest	<u>4,808</u>
<b>Total</b>	<b><u>\$ 16,022,437</u></b>

Receivables have been disaggregated on the face of the basic financial statements. The intergovernmental receivable in the amount of \$9,793,822 reported in the classroom facilities fund is expected to be collected over the next several years as the OFCC construction project is completed. All other receivables are expected to be collected within the subsequent year.



**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 8 - CAPITAL ASSETS**

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

	Balance			Balance
	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 230,237	\$ -	\$ -	\$ 230,237
Total capital assets, not being depreciated	<u>230,237</u>	<u>-</u>	<u>-</u>	<u>230,237</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	344,259	-	-	344,259
Buildings and improvements	10,449,060	18,115	-	10,467,175
Furniture and equipment	1,707,927	109,385	(14,178)	1,803,134
Vehicles	<u>1,292,393</u>	<u>134,112</u>	<u>(55,014)</u>	<u>1,371,491</u>
Total capital assets, being depreciated	<u>13,793,639</u>	<u>261,612</u>	<u>(69,192)</u>	<u>13,986,059</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(254,980)	(16,738)	-	(271,718)
Buildings and improvements	(4,998,604)	(188,516)	-	(5,187,120)
Furniture and equipment	(967,506)	(78,288)	9,801	(1,035,993)
Vehicles	<u>(818,076)</u>	<u>(72,366)</u>	<u>49,513</u>	<u>(840,929)</u>
Total accumulated depreciation	<u>(7,039,166)</u>	<u>(355,908)</u>	<u>59,314</u>	<u>(7,335,760)</u>
Governmental activities capital assets, net	<u>\$ 6,984,710</u>	<u>\$ (94,296)</u>	<u>\$ (9,878)</u>	<u>\$ 6,880,536</u>

Depreciation expense was charged to governmental activities as follows:

<u>Instruction:</u>	
Regular	\$ 112,488
Special	29,342
Vocational	94
Other	10
<u>Support services:</u>	
Pupil	10,597
Instructional staff	6,093
Board of education	183
Administration	26,104
Fiscal	5,111
Operations and maintenance	47,607
Pupil transportation	85,281
Central	11,278
Extracurricular activities	21,418
Food service operations	<u>302</u>
Total depreciation expense	<u>\$ 355,908</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

In a prior fiscal year, the District entered into a capitalized lease for copier equipment. The lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$59,746. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2018 totaled \$12,320 paid by the general fund. Accumulated depreciation as of June 30, 2018 was \$41,822, leaving a current book value of \$17,924.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2018.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 13,527
2020	<u>4,509</u>
Total minimum lease payments	18,036
Less: amount representing interest	<u>(623)</u>
Total	<u>\$ 17,413</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2018, the following changes occurred in governmental activities long-term obligations. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

	Restated Balance Outstanding <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2018</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds - Series 1999	\$ 850,000	\$ -	\$ (410,000)	\$ 440,000	\$ 440,000
General obligation bonds - Series 2018	-	17,060,000	-	17,060,000	200,000
Refunding bonds - Series 2008					
Current interest bonds	2,410,000	-	(35,000)	2,375,000	35,000
Capital appreciation bonds	119,995	-	-	119,995	-
Accreted interest	261,137	50,433	-	311,570	-
Total general obligation bonds	<u>3,641,132</u>	<u>17,110,433</u>	<u>(445,000)</u>	<u>20,306,565</u>	<u>675,000</u>
Energy Conservation Note - Series 2016	<u>773,070</u>	<u>-</u>	<u>(64,423)</u>	<u>708,647</u>	<u>64,423</u>
Net pension liability	17,680,209	-	(4,726,392)	12,953,817	-
Net OPEB liability	3,471,135	-	(708,770)	2,762,365	-
Compensated absences	416,887	150,090	(99,410)	467,567	55,513
Capital lease obligations	29,733	-	(12,320)	17,413	12,951
Total	<u>\$ 26,012,166</u>	<u>\$ 17,260,523</u>	<u>\$ (6,056,315)</u>	37,216,374	<u>\$ 807,887</u>
Add: unamortized premium on bonds				<u>472,705</u>	
Total on statement of net position				<u>\$ 37,689,079</u>	

*General Obligation Bonds Payable - Series 1999:* On January 16, 1999, the District issued \$7,263,000 in general obligation bonds. The proceeds of these bonds were used to provide long-term financing of the District's building projects. These bonds bear an annual interest rate of 3.30% to 5.55% and were scheduled to mature in fiscal year 2024. These general obligation bonds were issued to provide funds for the acquisition and construction of equipment and facilities and to pay judgments against the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net position. A portion of the Series 1999 general obligation bonds were refunded during fiscal year 2008 in the amount of \$2,800,000. The remaining balance of the Series 1999 general obligation bonds matures December 1, 2018. Payments of principal and interest are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund).

*General Obligation Bonds Payable - Series 2018:* On February 27, 2018, the District issued \$17,060,000 in general obligation bonds to perform school improvement projects. This issue is comprised of general obligation bonds with interest rates ranging from 2.00% to 5.00%. The general obligation bonds were issued for the purpose of constructing a new elementary school and a new Middle/High school. As of June 30, 2018, the District had \$17,060,000 of unspent bond proceeds remaining on the bond issue.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Interest payments on the general obligation bonds are due on May 1 and November 1 each year. The final maturity stated in the issue is November 1, 2054. The bonds will be retired from the bond retirement fund (a nonmajor governmental fund).

Series 2008 Refunding General Obligation Bonds: On February 14, 2008, the District issued general obligation bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1999 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 1999 general obligation current interest bonds at June 30, 2018 is \$2,800,000.

The refunding issue is comprised of both current interest bonds, par value \$2,680,000, and capital appreciation bonds par value \$119,995. The interest rates on the current interest bonds range from 3.75% to 4.00%. The capital appreciation bonds mature on December 1, 2019 (approximate initial offering yield at maturity 3.75%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2019 is \$520,000. Total accreted interest of \$311,570 has been included on the statement of net position at June 30, 2018.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023. Payments of principal and interest are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund).

The reacquisition price exceeded the net carrying amount of the old debt by \$193,069. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, as a deferred outflow of resources on the statement of net position.

Energy Conservation Note – Series 2016: On July 27, 2016, the District issued a \$773,070 energy conservation note to finance the purchase and installation of energy conservation measures at District buildings. The note bears an interest rate of 3.14% and matures on August 15, 2028. Payments of principal and interest are recorded as expenditures of the general fund.

Net Pension Liability: See Note 12 for further information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability: See Note 13 for further information on the District's net OPEB liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences: Compensated absences will be paid from the funds from which the employees' salaries are paid, which for the District is primarily the general fund and certain nonmajor grant funds.

Capital Lease Obligations: The capital lease obligations will be paid from the general fund. See Note 9 for details.

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B.** The following is a summary of the District's future annual debt service requirements to maturity:

Year Ending June 30,	General Obligation Bonds - Series 1999		
	Principal	Interest	Total
2019	\$ 440,000	\$ 12,210	\$ 452,210
Total	\$ 440,000	\$ 12,210	\$ 452,210

Year Ending June 30,	General Obligation Bonds - Series 2018		
	Principal	Interest	Total
2019	\$ 200,000	\$ 754,866	\$ 954,866
2020	100,000	673,981	773,981
2021	5,000	672,406	677,406
2022	5,000	672,256	677,256
2023	5,000	672,106	677,106
2024-2028	835,000	3,296,281	4,131,281
2029-2033	1,475,000	3,054,709	4,529,709
2034-2038	2,085,000	2,701,105	4,786,105
2039-2043	2,775,000	2,170,530	4,945,530
2044-2048	3,490,000	1,466,562	4,956,562
2049-2053	4,180,000	760,205	4,940,205
2054-2055	1,905,000	72,094	1,977,094
Total	\$ 17,060,000	\$ 16,967,101	\$ 34,027,101

Year Ending June 30,	Current Interest Refunding Bonds - Series 2008			Capital Appreciation Refunding Bonds - Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 35,000	\$ 94,191	\$ 129,191	\$ -	\$ -	\$ -
2020	-	93,605	93,605	119,995	400,005	520,000
2021	530,000	83,000	613,000	-	-	-
2022	565,000	61,100	626,100	-	-	-
2023	605,000	37,700	642,700	-	-	-
2024	640,000	12,800	652,800	-	-	-
Total	\$ 2,375,000	\$ 382,396	\$ 2,757,396	\$ 119,995	\$ 400,005	\$ 520,000

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Year Ending June 30,	Energy Conservation Note - Series 2016		
	Principal	Interest	Total
2019	\$ 64,423	\$ 21,240	\$ 85,663
2020	64,423	19,217	83,640
2021	64,423	17,194	81,617
2022	64,423	15,172	79,595
2023	64,423	13,149	77,572
2024-2028	322,110	35,400	357,510
2029	<u>64,422</u>	<u>1,011</u>	<u>65,433</u>
Total	<u>\$ 708,647</u>	<u>\$ 122,383</u>	<u>\$ 831,030</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of (\$1,490,404) (including available funds of \$2,046,188) and an unvoted debt margin of \$182,871.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The Wynford Local School District was determined to be a "special needs" district by the State Superintendent.

**NOTE 11 - RISK MANAGEMENT**

**A. Property, Fleet, and Liability Insurance**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2018, the District contracted with various insurance companies for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by these insurance companies is as follows:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Building and contents - replacement cost (\$1,000 deductible)	\$41,387,385
Boiler and machinery (\$1,000 deductible)	41,387,385

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - RISK MANAGEMENT - (Continued)**

Mobile radio, computer, audio visual and music equipment (\$100 deductible)	41,387,385
Automobile liability (\$500 deductible)	1,000,000
Uninsured motorists	1,000,000
General liability:	
Per occurrence	1,000,000
Per year	2,000,000
Umbrella policy	5,000,000

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

**B. Medical/Hospitalization, Prescription Drug and Dental Insurance**

The District provides employee medical/hospitalization, prescription drug, and dental benefits through a self-insured program. The District maintains a self-insurance internal service fund to account for and finance this program. The claims liability reported in the internal service fund at June 30, 2018, in the amount of \$127,779, is based on an estimate provided by United HealthCare Services, Inc. (UMR, the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Change in claims activity for the past two fiscal years is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2018	\$ 130,000	\$ 477,060	\$ (479,281)	\$ 127,779
2017	215,018	669,615	(754,633)	130,000

**C. Employee Group Life Insurance**

The District offers group life insurance and accidental death and dismemberment insurance to all employees through American United Life Insurance Company. Regardless of the plan utilized by the employees, all group benefit plans are traditionally funded, and the District does not retain any risk of loss.

**D. Workers' Compensation Plan**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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



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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$164,972 for fiscal year 2018. Of this amount, \$7,638 is reported as pension and postemployment benefits payable.

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

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The District's contractually required contribution to STRS was \$721,548 for fiscal year 2018. Of this amount, \$126,720 is reported as pension and postemployment benefits payable.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected 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	0.03805530%	0.04449827%	
Proportion of the net pension liability current measurement date	<u>0.03688550%</u>	<u>0.04525318%</u>	
Change in proportionate share	<u>(0.00116980)%</u>	<u>0.00075491%</u>	
Proportionate share of the net pension liability	\$ 2,203,827	\$ 10,749,990	\$ 12,953,817
Pension expense	\$ (130,213)	\$ (4,043,437)	\$ (4,173,650)

**WYNFORD LOCAL SCHOOL DISTRICT  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 94,846	\$ 415,116	\$ 509,962
Changes of assumptions	113,961	2,351,141	2,465,102
Difference between District contributions and proportionate share of contributions/ change in proportionate share	38,663	330,349	369,012
District contributions subsequent to the measurement date	<u>164,972</u>	<u>721,548</u>	<u>886,520</u>
Total deferred outflows of resources	<u><u>\$ 412,442</u></u>	<u><u>\$ 3,818,154</u></u>	<u><u>\$ 4,230,596</u></u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 86,641	\$ 86,641
Net difference between projected and actual earnings on pension plan investments	10,462	354,761	365,223
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>114,012</u>	<u>-</u>	<u>114,012</u>
Total deferred inflows of resources	<u><u>\$ 124,474</u></u>	<u><u>\$ 441,402</u></u>	<u><u>\$ 565,876</u></u>

\$886,520 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ 37,496	\$ 591,172	\$ 628,668
2020	119,824	1,073,767	1,193,591
2021	17,051	754,938	771,989
2022	<u>(51,375)</u>	<u>235,327</u>	<u>183,952</u>
Total	<u><u>\$ 122,996</u></u>	<u><u>\$ 2,655,204</u></u>	<u><u>\$ 2,778,200</u></u>

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*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	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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 disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	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	<u>100.00 %</u>	

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 3,058,339	\$ 2,203,827	\$ 1,487,999

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS Ohio*

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
District's proportionate share of the net pension liability	\$ 15,409,745	\$ 10,749,990	\$ 6,824,845



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**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” was effective. The net OPEB liability has been disclosed below.

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

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

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

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

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

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

Access to health care for retirees and beneficiaries is permitted in accordance with Chapter 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 District's surcharge obligation was \$19,772.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$25,882 for fiscal year 2018. Of this amount, \$20,045 is reported as pension and postemployment benefits payable.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

***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](http://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.

***Net OPEB Liability***

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the 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	0.03828824%	0.04449827%	
Proportion of the net OPEB liability current measurement date	<u>0.03714050%</u>	<u>0.04525318%</u>	
Change in proportionate share	<u>(0.00114774)%</u>	<u>0.00075491%</u>	
Proportionate share of the net OPEB liability	\$ 996,753	\$ 1,765,612	\$ 2,762,365
OPEB expense	\$ 49,381	\$ (533,002)	\$ (483,621)

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 101,922	\$ 101,922
Difference between District contributions and proportionate share of contributions/change in proportionate share	-	34,605	34,605
District contributions subsequent to the measurement date	<u>25,882</u>	<u>-</u>	<u>25,882</u>
Total deferred outflows of resources	<u><u>\$ 25,882</u></u>	<u><u>\$ 136,527</u></u>	<u><u>\$ 162,409</u></u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 2,632	\$ 75,466	\$ 78,098
Changes of assumptions	94,587	142,226	236,813
Difference between District contributions and proportionate share of contributions/change in proportionate share	<u>27,863</u>	<u>-</u>	<u>27,863</u>
Total deferred inflows of resources	<u><u>\$ 125,082</u></u>	<u><u>\$ 217,692</u></u>	<u><u>\$ 342,774</u></u>

\$25,882 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension 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 pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (45,023)	\$ (19,816)	\$ (64,839)
2020	(45,023)	(19,816)	(64,839)
2021	(34,378)	(19,816)	(54,194)
2022	(658)	(19,814)	(20,472)
2023	-	(949)	(949)
Thereafter	<u>-</u>	<u>(954)</u>	<u>(954)</u>
Total	<u><u>\$ (125,082)</u></u>	<u><u>\$ (81,165)</u></u>	<u><u>\$ (206,247)</u></u>

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

***Actuarial Assumptions - SERS***

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

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

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

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

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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

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

**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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$ 1,203,707	\$ 996,753	\$ 832,794

	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 %)
District's proportionate share of the net OPEB liability	\$ 808,791	\$ 996,753	\$ 1,245,525

***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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

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

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

\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.



**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

**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 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 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%)
District's proportionate share of the net OPEB liability	\$ 2,370,306	\$ 1,765,612	\$ 1,287,706
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,226,672	\$ 1,765,612	\$ 2,474,921

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While 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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 916,873
Net adjustment for revenue accruals	157,962
Net adjustment for expenditure accruals	85,647
Net adjustment for other sources/uses	(40,807)
Funds budgeted elsewhere	9,014
Adjustment for encumbrances	321,683
GAAP basis	\$ 1,450,372

The public school support fund is legally budgeted in a separate fund classification but is considered part of the general fund on a GAAP basis.

**WYNFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2018, Foundation funding for the District; therefore, any financial statement impact is not determinable at this time. ODE and management believe this may result in either a receivable to or a liability of the District.

**NOTE 16 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year end. This amount must be carried forward to be used for the same purpose in future years. Expenditures and other applicable offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash-basis information describes the change in the fiscal year end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2017	\$ -
Current year set-aside requirement	196,850
Prior year offset from bond proceeds	<u>(196,850)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2019	<u>\$ -</u>
Set-aside balance June 30, 2018	<u>\$ -</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 16 - SET-ASIDES - (Continued)**

During fiscal year 1999, the District issued \$7,263,000 in capital related school improvement bonds. During fiscal year 2018, the District issued \$17,060,000 in capital related school improvement bonds. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to zero. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$21,779,222 at June 30, 2018.

**NOTE 17 - COMMITMENTS**

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 293,854
Nonmajor governmental funds	<u>35,989</u>
Total	<u>\$ 329,843</u>

**NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Other governments entered into a tax abatement agreement with Weithman Brothers LLC for the abatement of property taxes to bring jobs and economic development to the area. The agreement affects the property tax receipts collected and distributed to the District. Under the agreement, the District's property taxes were reduced by \$4,506 during fiscal year 2018.

REQUIRED SUPPLEMENTARY INFORMATION

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.03688550%	0.03805530%	0.03660450%	0.04061900%	0.04061900%
District's proportionate share of the net pension liability	\$ 2,203,827	\$ 2,785,297	\$ 2,088,688	\$ 2,055,704	\$ 2,415,482
District's covered payroll	\$ 1,176,043	\$ 1,177,750	\$ 1,101,950	\$ 1,180,303	\$ 1,141,423
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.39%	236.49%	189.54%	174.17%	211.62%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.04525318%	0.04449827%	0.04424335%	0.04357200%	0.04357200%
District's proportionate share of the net pension liability	\$ 10,749,990	\$ 14,894,912	\$ 12,227,568	\$ 10,598,160	\$ 12,624,459
District's covered payroll	\$ 5,129,507	\$ 4,901,414	\$ 4,645,093	\$ 4,451,969	\$ 4,937,838
District's proportionate share of the net pension liability as a percentage of its covered payroll	209.57%	303.89%	263.24%	238.06%	255.67%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 164,972	\$ 164,646	\$ 164,885	\$ 145,237
Contributions in relation to the contractually required contribution	<u>(164,972)</u>	<u>(164,646)</u>	<u>(164,885)</u>	<u>(145,237)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,222,015	\$ 1,176,043	\$ 1,177,750	\$ 1,101,950
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 163,590	\$ 157,973	\$ 153,855	\$ 138,666	\$ 142,492	\$ 98,825
<u>(163,590)</u>	<u>(157,973)</u>	<u>(153,855)</u>	<u>(138,666)</u>	<u>(142,492)</u>	<u>(98,825)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,180,303	\$ 1,141,423	\$ 1,143,903	\$ 1,103,150	\$ 1,052,378	\$ 1,004,319
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 721,548	\$ 718,131	\$ 686,198	\$ 650,313
Contributions in relation to the contractually required contribution	(721,548)	(718,131)	(686,198)	(650,313)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 5,153,914	\$ 5,129,507	\$ 4,901,414	\$ 4,645,093
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 578,756	\$ 641,919	\$ 624,204	\$ 641,924	\$ 597,509	\$ 572,540
<u>(578,756)</u>	<u>(641,919)</u>	<u>(624,204)</u>	<u>(641,924)</u>	<u>(597,509)</u>	<u>(572,540)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,451,969	\$ 4,937,838	\$ 4,801,569	\$ 4,937,877	\$ 4,596,223	\$ 4,404,154
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2018</b>	<b>2017</b>
District's proportion of the net OPEB liability	0.03714050%	0.03828824%
District's proportionate share of the net OPEB liability	\$ 996,753	\$ 1,091,356
District's covered payroll	\$ 1,176,043	\$ 1,177,750
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	84.75%	92.66%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2018</b>	<b>2017</b>
District's proportion of the net OPEB liability	0.04525318%	0.04449827%
District's proportionate share of the net OPEB liability	\$ 1,765,612	\$ 2,379,779
District's covered payroll	\$ 5,129,507	\$ 4,901,414
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.42%	48.55%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 25,882	\$ 18,902	\$ 18,187	\$ 28,180
Contributions in relation to the contractually required contribution	<u>(25,882)</u>	<u>(18,902)</u>	<u>(18,187)</u>	<u>(28,180)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,222,015	\$ 1,176,043	\$ 1,177,750	\$ 1,101,950
Contributions as a percentage of covered payroll	2.12%	1.61%	1.54%	2.56%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 20,262	\$ 23,625	\$ 28,132	\$ 38,788	\$ 26,348	\$ 65,568
<u>(20,262)</u>	<u>(23,625)</u>	<u>(28,132)</u>	<u>(38,788)</u>	<u>(26,348)</u>	<u>(65,568)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,180,303	\$ 1,141,423	\$ 1,143,903	\$ 1,103,150	\$ 1,052,378	\$ 1,004,319
1.72%	2.07%	2.46%	3.52%	2.50%	6.52%

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 5,153,914	\$ 5,129,507	\$ 4,901,414	\$ 4,645,093
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 46,373	\$ 49,378	\$ 48,016	\$ 49,379	\$ 45,962	\$ 44,042
<u>(46,373)</u>	<u>(49,378)</u>	<u>(48,016)</u>	<u>(49,379)</u>	<u>(45,962)</u>	<u>(44,042)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,451,969	\$ 4,937,838	\$ 4,801,569	\$ 4,937,877	\$ 4,596,223	\$ 4,404,154
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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## **SUPPLEMENTARY INFORMATION**

**WYNFORD LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
(C) <b>Child Nutrition Cluster:</b> School Breakfast Program	10.553	2018	\$ 39,436
(C) National School Lunch Program	10.555	2018	153,293
(D) National School Lunch Program - Food Donation	10.555	2018	24,372
<b>Total National School Lunch Program</b>			177,665
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>			217,101
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
Title I Grants to Local Educational Agencies	84.010	2017	10,885
Title I Grants to Local Educational Agencies	84.010	2018	153,141
<b>Total Title I Grants to Local Educational Agencies</b>			164,026
<b>Special Education Cluster:</b>			
Special Education_ Grants to States	84.027	2017	19,479
Special Education_ Grants to States	84.027	2018	211,115
<b>Total Special Education Grants to States</b>			230,594
Special Education_Preschool Grants	84.173	2018	8,421
<b>Total Special Education Cluster</b>			239,015
Twenty-First Century Community Learning Centers	84.287	2017	362
Twenty-First Century Community Learning Centers	84.287	2018	199,268
<b>Total Twenty-First Century Community Learning Centers</b>			199,630
Title II-A Sporting Effective Instruction	84.367	2017	5,459
Title II-A Sporting Effective Instruction	84.367	2018	34,127
<b>Total Title II-A Sporting Effective Instruction</b>			39,586
Title IV-A Student Support and Academic Enrichment Program	84.424A	2018	10,000
<b>Total U.S. Department of Education</b>			652,257
<b>Total Federal Financial Assistance</b>			\$ 869,358

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2018.
- (B) This schedule includes the federal award activity of the Wynford Local School District under programs of the federal government for the fiscal year ended June 30, 2018 and is prepared in accordance with the cash basis of accounting. 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 Wynford Local School District, it is not intended to and does not present the financial position, or changes in net position, or cash flows, of the Wynford Local School District.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) The Food Donation program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (E) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has elected not to use the 10% de minimis indirect cost rate.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Wynford Local School District  
Crawford County  
3288 Holmes Center Road  
Bucyrus, Ohio 44820-9462

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wynford Local School District, Crawford County, Ohio as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Wynford Local School District's basic financial statements and have issued our report thereon dated December 13, 2018, wherein we noted as discussed in Note 3, the Wynford Local School District adopted Governmental Accounting Standards Board 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 Wynford Local 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Wynford Local 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 Wynford Local 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 Wynford Local 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 Wynford Local 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 Wynford Local School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
December 13, 2018





**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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**

Wynford Local School District  
Crawford County  
3288 Holmes Center Road  
Bucyrus, Ohio 44820-9462

To the Board of Education:

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

We have audited the Wynford Local School District's 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 Wynford Local 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 Wynford Local School District's major federal program.

***Management's Responsibility***

The Wynford Local 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 Wynford Local School District's compliance for the Wynford Local 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 Wynford Local 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 Wynford Local School District's major program. However, our audit does not provide a legal determination of the Wynford Local School District's compliance.

***Opinion on the Major Federal Program***

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

***Report on Internal Control Over Compliance***

The Wynford Local 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 Wynford Local 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 the 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 Wynford Local 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.



Julian & Grube, Inc.  
December 13, 2018

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2CFR § 200.520?</i>	Yes

**2. FINDINGS RELATED TO THE BASIC 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**



**WYNFORD LOCAL SCHOOL DISTRICT**

**CRAWFORD 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 12, 2019**