

WYOMING CITY SCHOOL DISTRICT



Basic Financial Statements

June 30, 2017



Dave Yost • Auditor of State

Board of Education
Wyoming City School District
420 Springfield Pike
Wyoming, Ohio 45215

We have reviewed the *Independent Auditor's Report* of the Wyoming City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. 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 Wyoming City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 6, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Wyoming City School District

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 Wyoming City School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension liabilities and pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
February 16, 2018

Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The discussion and analysis of Wyoming City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position of governmental activities decreased \$2,266,884 which represents a 13% decrease from 2016.
- General revenues accounted for \$26,922,743 in revenue or 92.58% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,156,350 or 7.42% of total revenues of \$29,079,093.
- The District had \$31,345,977 in expenses related to governmental activities; \$2,156,350 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$26,922,743 were also used to provide for these programs.

Overview of the Financial Statements

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. The General Fund and Debt Service Fund are the major funds of the District.

Government-wide Financial Statements

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 we do financially during 2017?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows* and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

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 has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. 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 Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities. All of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements. 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.

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 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 financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

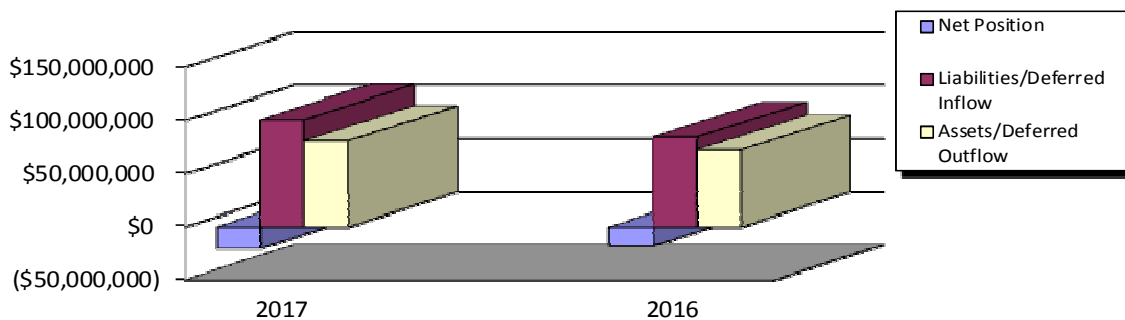
As stated previously, the Statement of Net position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2017 compared to 2016:

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**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

**Table 1
Net position**

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	\$26,205,375	\$26,651,672
Capital Assets	44,794,302	45,302,833
Total Assets	70,999,677	71,954,505
Deferred Outflows of Resources:		
Deferred Charge on Refunding Pension	236,699	266,287
	9,450,418	5,836,372
Total Deferred Outflows of Resources	9,687,117	6,102,659
Liabilities:		
Other Liabilities	2,811,237	3,047,828
Long-Term Liabilities	88,647,247	81,249,342
Total Liabilities	91,458,484	84,297,170
Deferred Inflows of Resources:		
Property Taxes	9,134,549	7,976,174
Pension	0	3,423,175
Total Deferred Inflows of Resources	9,134,549	11,399,349
Net Position:		
Net Investment in Capital Assets	4,899,343	3,704,691
Restricted	4,916,708	4,482,815
Unrestricted	(29,722,290)	(25,826,861)
Total Net Position	(\$19,906,239)	(\$17,639,355)



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$19,906,239). Capital assets decreased due to the District's depreciation expense for the

**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

year being greater than current year additions. Long-term liabilities increased mainly due to the District's increase in net pension liability.

At year-end, capital assets represented 63% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2017, was \$4,899,343. 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, \$4,916,708 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

**Table 2
Changes in Net position**

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues		
Charges for Services	\$916,577	\$793,381
Operating Grants, Contributions	1,239,773	999,861
General Revenues:		
Income Taxes	7,085,026	7,298,184
Property Taxes	12,474,147	11,065,854
Grants and Entitlements	6,847,445	6,742,730
Other	516,125	716,804
Total Revenues	<u>29,079,093</u>	<u>27,616,814</u>
Program Expenses:		
Instruction	18,241,654	15,973,215
Support Services:		
Pupil and Instructional Staff	3,994,822	3,533,828
School Administrative, General		
Administration, Fiscal and Business	3,336,400	2,971,230
Operations and Maintenance	2,419,298	2,494,738
Pupil Transportation	565,489	473,802
Central	227,836	179,772
Operation of Non-Instructional Services	64,522	105,100
Extracurricular Activities	963,045	858,552
Interest and Fiscal Charges	1,532,911	954,168
Bond Issuance Costs	0	171,500
Total Program Expenses	<u>31,345,977</u>	<u>27,715,905</u>
Change in Net Position	(2,266,884)	(99,091)
Beginning Net Position	<u>(17,639,355)</u>	<u>(17,540,264)</u>
Ending Net Position	<u>(\$19,906,239)</u>	<u>(\$17,639,355)</u>

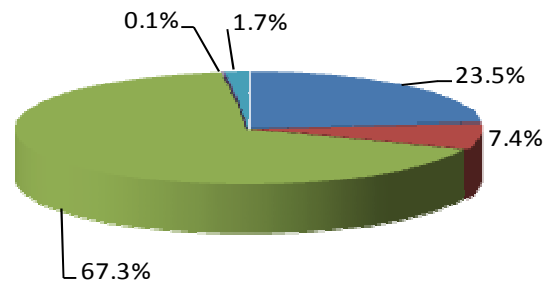
**Wyoming City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

The District revenues are mainly from three sources. Income taxes, property taxes levied for general, debt service, capital project purposes, and grants and entitlements comprised 91% of the District’s revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 67% of revenue for governmental activities for the District in fiscal year 2017.

Revenue Sources	2017	Percent of Total
General Grants	\$6,847,445	23.5%
Program Revenues	2,156,350	7.4%
General Tax Revenues	19,559,173	67.3%
Investment Earnings	16,488	0.1%
Other Revenues	499,637	1.7%
	<u>\$29,079,093</u>	<u>100%</u>



Instruction comprises 58% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other expenses including interest expense were 8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Property tax revenues increased mainly due to an increase in property tax advances in fiscal year 2017 as compared to fiscal year 2016. Instructional expenses increased due to an increase in personnel costs. Support services increased due to the increase in instructional staff, general administration, and pupil transportation.

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

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**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$18,241,654	\$15,973,215	(\$16,673,710)	(\$14,555,979)
Support Services:				
Pupil and Instructional Staff	3,994,822	3,533,828	(3,717,622)	(3,395,400)
School Administrative, General				
Administration, Fiscal and Business	3,336,400	2,971,230	(3,336,400)	(2,971,230)
Operations and Maintenance	2,419,298	2,494,738	(2,328,786)	(2,463,573)
Pupil Transportation	565,489	473,802	(544,349)	(456,127)
Central	227,836	179,772	(227,836)	(170,772)
Operation of Non-Instructional Services	64,522	105,100	(48,712)	(95,926)
Extracurricular Activities	963,045	858,552	(779,301)	(687,988)
Interest and Fiscal Charges	1,532,911	954,168	(1,532,911)	(954,168)
Bond Issuance Cost	0	171,500	0	(171,500)
Total Expenses	<u>\$31,345,977</u>	<u>\$27,715,905</u>	<u>(\$29,189,627)</u>	<u>(\$25,922,663)</u>

The District's Funds

The District has two major governmental funds: the General Fund and Debt Service Fund. Assets of these funds comprised \$25,140,029 (95%) of the total \$26,358,757 governmental funds' assets.

General Fund: Fund balance at June 30, 2017 was \$8,888,856. The fund balance decreased by \$2,144,368 mainly due to an increase in expenditures.

Debt Service Fund: Fund balance at June 30, 2017 was \$4,433,388. The fund balance increased by \$355,321 mainly due to an increase in property taxes received.

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 2017, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$23,032,870, compared to original budget estimates of \$23,272,478.

**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$44,794,302 invested in land, buildings and improvements and equipment. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016:

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

	Governmental Activities	
	2017	2016
Land	\$629,493	\$629,493
Buildings and Improvements	43,429,301	43,837,789
Equipment	735,508	835,551
Total Net Capital Assets	<u>\$44,794,302</u>	<u>\$45,302,833</u>

The decrease in capital assets is because depreciation expense was more than current year additions. See Note 6 in the notes to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2017, the District had \$40,131,658 in bonds and capital leases payable, \$1,620,700 due within one year. Table 5 summarizes outstanding debt at year end.

**Table 5
Outstanding Debt, at Year End**

	Governmental Activities	
	2017	2016
General Obligation Bonds:		
1999 School Improvement	\$860,000	\$1,660,000
2013 General Obligation Bonds	24,595,000	24,750,000
Premium on General Obligation Bonds	1,652,959	1,704,293
2016 Refunding Bonds	10,585,000	11,060,000
2016 Refunding Bonds - Premium	1,053,899	1,185,636
Capital Leases	<u>1,384,800</u>	<u>1,504,500</u>
Total Outstanding Debt at Year End	<u>\$40,131,658</u>	<u>\$41,864,429</u>

See Note 7 and 8 in the notes to the basic financial statements for further details on the District's outstanding debt.

**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

For the Future

The Ohio Department of Education explains the school funding model in Ohio as follows:

Wyoming remains concerned about the instability of the state and local economy and the political ramifications of a new funding model. We plan carefully and prudently to provide resources to meet the needs of our students but the uncertainty of a new funding model represents some challenges in our planning. We will continue to diligently review expenditures.

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 the Treasurer at Wyoming City School District, 420 Springfield Pike, Wyoming, Ohio 45215.

Wyoming City School District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$9,014,947
Receivables (Net):	
Taxes	16,958,814
Accounts	111,591
Interest	17,178
Intergovernmental	99,195
Prepays	3,650
Nondepreciable Capital Assets	629,493
Depreciable Capital Assets, Net	<u>44,164,809</u>
 Total Assets	 <u>70,999,677</u>
 Deferred Outflows of Resources:	
Deferred Charge on Refunding Pension	236,699
	<u>9,450,418</u>
 Total Deferred Outflows of Resources	 <u>9,687,117</u>
 Liabilities:	
Accounts Payable	202,392
Accrued Wages and Benefits	2,474,240
Accrued Interest Payable	134,605
Long-Term Liabilities:	
Due Within One Year	2,118,449
Due In More Than One Year	
Net Pension Liability	46,769,661
Other Amounts	<u>39,759,137</u>
 Total Liabilities	 <u>91,458,484</u>
 Deferred Inflows of Resources:	
Property Taxes	<u>9,134,549</u>
 Total Deferred Inflows of Resources	 <u>9,134,549</u>
 Net Position:	
Net Investment in Capital Assets	4,899,343
Restricted for:	
Debt Service	4,367,080
Capital Projects	418,438
Student Activity	111,525
Other Purposes	19,665
Unrestricted	<u>(29,722,290)</u>
 Total Net Position	 <u><u>(\$19,906,239)</u></u>

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$15,234,182	\$427,015	\$251,925	(\$14,555,242)
Special	2,993,473	57,939	677,159	(2,258,375)
Vocational	0	0	46	46
Other	13,999	153,860	0	139,861
Support Services:				
Pupil	2,371,221	0	0	(2,371,221)
Instructional Staff	1,623,601	0	277,200	(1,346,401)
General Administration	121,049	0	0	(121,049)
School Administration	2,221,212	0	0	(2,221,212)
Fiscal	992,249	0	0	(992,249)
Business	1,890	0	0	(1,890)
Operations and Maintenance	2,419,298	90,512	0	(2,328,786)
Pupil Transportation	565,489	0	21,140	(544,349)
Central	227,836	0	0	(227,836)
Operation of Non-Instructional Services	64,522	3,507	12,303	(48,712)
Extracurricular Activities	963,045	183,744	0	(779,301)
Interest and Fiscal Charges	1,532,911	0	0	(1,532,911)
Total Governmental Activities	\$31,345,977	\$916,577	\$1,239,773	(29,189,627)
General Revenues:				
Income Taxes				7,085,026
Property Taxes Levied for:				
General Purposes				9,028,097
Debt Service Purposes				3,017,112
Capital Projects Purposes				428,938
Grants and Entitlements, Not Restricted				6,847,445
Unrestricted Contributions				184,632
Investment Earnings				16,488
Other Revenues				315,005
Total General Revenues				26,922,743
Change in Net Position				(2,266,884)
Net Position - Beginning of Year				(17,639,355)
Net Position - End of Year				(\$19,906,239)

See accompanying notes to the basic financial statements.

Wyoming City School District
Balance Sheet
Governmental Funds
June 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$5,355,522	\$3,283,388	\$376,037	\$9,014,947
Receivables (Net):				
Taxes	12,915,296	3,340,516	703,002	16,958,814
Accounts	71,320	0	40,271	111,591
Interest	16,986	0	192	17,178
Intergovernmental	0	0	99,195	99,195
Interfund	153,382	0	0	153,382
Prepays	3,619	0	31	3,650
Total Assets	18,516,125	6,623,904	1,218,728	26,358,757
Liabilities:				
Accounts Payable	193,266	0	9,126	202,392
Accrued Wages and Benefits	2,453,396	0	20,844	2,474,240
Compensated Absences	320,733	0	0	320,733
Interfund Payable	0	0	153,382	153,382
Total Liabilities	2,967,395	0	183,352	3,150,747
Deferred Inflows of Resources:				
Property Taxes	6,652,407	2,190,516	543,002	9,385,925
Grants and Other Taxes	0	0	15,545	15,545
Investment Earnings	7,467	0	85	7,552
Total Deferred Inflows of Resources	6,659,874	2,190,516	558,632	9,409,022
Fund Balances:				
Nonspendable	3,619	0	31	3,650
Restricted	0	4,433,388	540,691	4,974,079
Assigned	1,358,393	0	0	1,358,393
Unassigned	7,526,844	0	(63,978)	7,462,866
Total Fund Balances	8,888,856	4,433,388	476,744	13,798,988
Total Liabilities, Deferred Inflows and Fund Balances	\$18,516,125	\$6,623,904	\$1,218,728	\$26,358,757

See accompanying notes to the basic financial statements.

Wyoming City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2017

Total Governmental Fund Balance \$13,798,988

Amounts reported for governmental activities in the
 statement of net position are different because:

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 44,794,302

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	251,376	
Interest	7,552	
Intergovernmental	15,545	
		274,473

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (134,605)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (1,425,195)

Deferred charge on refunding associated with long-term liabilities
 that are not reported in the funds. 236,699

Deferred outflows and inflows for resources related to pensions
 are applicable to future periods and, therefore, are not
 reported in the funds. 9,450,418

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds.

Net Pension Liability	(46,769,661)	
Other Amounts	(40,131,658)	
		(86,901,319)

Net Position of Governmental Activities (\$19,906,239)

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$9,043,183	\$3,018,616	\$429,094	\$12,490,893
Income Taxes	7,085,026	0	0	7,085,026
Tuition and Fees	623,674	0	0	623,674
Investment Earnings	23,199	0	(1,834)	21,365
Intergovernmental	6,981,711	428,796	704,826	8,115,333
Extracurricular Activities	20,887	0	177,997	198,884
Charges for Services	0	0	3,507	3,507
Other Revenues	413,377	0	176,772	590,149
Total Revenues	24,191,057	3,447,412	1,490,362	29,128,831
Expenditures:				
Current:				
Instruction:				
Regular	13,648,276	0	132,652	13,780,928
Special	2,614,285	0	156,317	2,770,602
Other	12,841	0	0	12,841
Support Services:				
Pupil	2,179,170	0	0	2,179,170
Instructional Staff	1,152,677	0	219,753	1,372,430
General Administration	121,049	0	0	121,049
School Administration	1,929,637	0	0	1,929,637
Fiscal	899,533	36,078	5,126	940,737
Business	1,765	0	0	1,765
Operations and Maintenance	2,168,474	0	0	2,168,474
Pupil Transportation	471,703	0	0	471,703
Central	189,802	0	579	190,381
Operation of Non-Instructional Services	41,807	0	13,043	54,850
Extracurricular Activities	566,838	0	267,407	834,245
Capital Outlay	151,679	0	475,493	627,172
Debt Service:				
Principal Retirement	119,700	1,430,000	0	1,549,700
Interest and Fiscal Charges	65,189	1,626,013	0	1,691,202
Total Expenditures	26,334,425	3,092,091	1,270,370	30,696,886
Excess of Revenues Over (Under) Expenditures	(2,143,368)	355,321	219,992	(1,568,055)
Other Financing Sources (Uses):				
Transfers In	0	0	1,000	1,000
Transfers (Out)	(1,000)	0	0	(1,000)
Total Other Financing Sources (Uses)	(1,000)	0	1,000	0
Net Change in Fund Balance	(2,144,368)	355,321	220,992	(1,568,055)
Fund Balance - Beginning of Year	11,033,224	4,078,067	255,752	15,367,043
Fund Balance - End of Year	\$8,888,856	\$4,433,388	\$476,744	\$13,798,988

See accompanying notes to the basic financial statements.

Wyoming City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balance - Total Governmental Funds (\$1,568,055)

Amounts reported for governmental activities in the
 statement of activities are different because:

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	828,476	
Depreciation Expense	<u>(1,337,007)</u>	(508,531)

Governmental funds report district pension contributions as
 expenditures. However in the Statement of Activities, the cost
 of pension benefits earned net of employee contributions is
 reported as pension expense.

District pension contributions	2,244,021	
Cost of benefits earned net of employee contributions	<u>(4,276,218)</u>	(2,032,197)

Revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in
 the funds.

Delinquent Property Taxes	(16,745)	
Interest	(4,878)	
Intergovernmental	<u>(28,115)</u>	(49,738)

Repayment of bond and capital lease principal along with accreted interest payments
 is an expenditure in the governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position. 1,549,700

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 4,808

Some expenses reported in the statement of activities do not require the
 use of current financial resources and, therefore, are not reported as
 expenditures in governmental funds.

Compensated Absences	183,646	
Amortization of Bond Premium	183,071	
Amortization of Deferred Charge on Refunding	<u>(29,588)</u>	337,129

Change in Net Position of Governmental Activities (\$2,266,884)

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	\$8,152	\$150,249
Receivables (Net):		
Accounts	<u> 0</u>	<u> 350</u>
Total Assets	<u> 8,152</u>	<u> 150,599</u>
Liabilities:		
Accounts Payable	0	4,268
Other Liabilities	<u> 0</u>	<u> 146,331</u>
Total Liabilities	<u> 0</u>	<u> 150,599</u>
Net Position:		
Held in Trust	<u> 8,152</u>	
Total Net Position	<u> 8,152</u>	

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
Additions:	
Donations	\$100
Investment Earnings	125
Total Additions	<u>225</u>
Deductions:	
Scholarships	<u>501</u>
Total Deductions	<u>501</u>
Change in Net Position	(276)
Net Position - Beginning of Year	<u>8,428</u>
Net Position - End of Year	<u><u>\$8,152</u></u>

See accompanying notes to the basic financial statements.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 – Description of the District

The Wyoming City School District (“District”) was chartered by the Ohio State Legislature in 1832 when state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected 5 member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 62 non-certificated personnel and approximately 165 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District currently operates 3 primary schools, 1 middle school (grades 5-8), and 1 high school (grades 9-12).

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, as amended by GASB Statement 39 and GASB Statement 61, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is associated with two organizations that are defined as jointly governed organizations. These organizations include Great Oaks Career Campuses and the Hamilton/Clermont Cooperative Information Technology Center. These organizations are presented in Note 13.

Note 2 – Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The government-wide 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. Fiduciary Funds are not included in entity-wide statements.

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

Fund Financial Statements

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

Private purpose trust funds are reported using the economic resources measurement focus.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

General Fund - The general fund is used to account for all financial resources except those required to be accounted for 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.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Fiduciary Funds

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

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. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 year end: property taxes available for advance, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include pension and a deferred charge on refunding. The deferred outflows related to pension and a deferred charge on refunding are reported on the governmental-wide statement of net position. See note 9 for more pension related information.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred inflows of resources related to grants and other taxes and investment earnings are reported as deferred inflows on the governmental fund financial statements.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities 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 the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "Equity in Pooled Cash and Investments".

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund amounted to \$23,199 and (\$1,834) credited to other governmental funds.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance assignment in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditures/expense is reported in the year in which the services are consumed.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 years
Equipment	5 - 20 years

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is due and payable. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

Pensions

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

Net Position

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$4,916,708 in restricted net position, none were restricted by enabling legislation.

Interfund Activity

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

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

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

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

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances, which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2017, \$1,723,342 of the District's bank balance of \$1,973,342 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2017, the District had the following investments:

Investment Type	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	\$479,266	N/A	0.00
US Treasury Notes	950,225	Level 1	2.34
Federal Home Loan Bank	247,795	Level 2	4.19
Federal Farm Credit Bank	470,661	Level 2	0.77
Federal National Mortgage Association	1,375,470	Level 2	2.04
Federal Home Loan Mortgage Corp	802,975	Level 2	1.57
Commercial Paper	1,106,834	Level 2	0.58
Negotiable CDs	1,907,440	Level 2	2.02
Total Investments	\$7,340,666		
Portfolio Weighted Average Maturity			1.66

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2017.

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Banks were rated AA+ by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Commercial Paper is rated A-1 by Standard & Poor's and P-1 by Moody's. Money Market Funds, Negotiable CD's, and U.S. Treasury Notes are not rated.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 7% in Money Market Funds, 13% in US Treasury Notes, 3% in Federal Home Loan Bank, 11% in Federal Home Loan Mortgage Corp., 6% in Federal Farm Credit Banks, 19% in Federal National Mortgage Assn., 26% in Negotiable CD's, and 15% in Commercial Paper.

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

Note 4 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2018 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2017. Although total property tax collections for the

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The amount available for advance was \$3,390,000 in the General Fund, \$1,150,000 in the Debt Service Fund and \$160,000 in Other Governmental Funds.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$296,449,720
Public Utility Personal	<u>4,504,100</u>
Total	<u><u>\$300,953,820</u></u>

Income Tax

The District levies a voted tax of 1.25% for general operations on the income of residents and of estates. The tax was first approved in 1989 at 0.75%. In 1994, the community approved an additional 0.50% income tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Note 5 – Receivables

Receivables at June 30, 2017, consisted of taxes, accounts, interest, intergovernmental grants and interfund. 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.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$629,493	\$0	\$0	\$629,493
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	60,511,037	828,476	0	61,339,513
Equipment	<u>3,470,070</u>	<u>0</u>	<u>0</u>	<u>3,470,070</u>
Totals at Historical Cost	<u>64,610,600</u>	<u>828,476</u>	<u>0</u>	<u>65,439,076</u>
Less Accumulated Depreciation:				
Buildings and Improvements	16,673,248	1,236,964	0	17,910,212
Equipment	<u>2,634,519</u>	<u>100,043</u>	<u>0</u>	<u>2,734,562</u>
Total Accumulated Depreciation	<u>19,307,767</u>	<u>1,337,007</u>	<u>0</u>	<u>20,644,774</u>
Governmental Activities Capital Assets, Net	<u><u>\$45,302,833</u></u>	<u><u>(\$508,531)</u></u>	<u><u>\$0</u></u>	<u><u>\$44,794,302</u></u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$688,702
Special	33,819
Support Services:	
Pupil	11,877
Instructional Staff	192,806
School Administration	36,057
Fiscal	11,821
Operations and Maintenance	198,593
Pupil Transportation	93,982
Central	12,886
Operation of Non-Instructional Services	8,929
Extracurricular Activities	47,535
Total Depreciation Expense	<u><u>\$1,337,007</u></u>

Note 7 – Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Bonds:					
General Obligation Bonds:					
1999 School Improvement	\$1,660,000	\$0	(\$800,000)	\$860,000	\$860,000
2013 General Obligation Bonds	24,750,000	0	(155,000)	24,595,000	160,000
Premium On General Obligation Bonds	1,704,293	0	(51,334)	1,652,959	0
2016 Refunding Bonds	11,060,000	0	(475,000)	10,585,000	475,000
2016 Refunding Bonds - Premium	1,185,636	0	(131,737)	1,053,899	0
Subtotal Bonds	<u>40,359,929</u>	<u>0</u>	<u>(1,613,071)</u>	<u>38,746,858</u>	<u>1,495,000</u>
Capital Leases:					
Lease Purchase Administration Building	867,500	0	(65,700)	801,800	69,700
2011 OASBO Lease	637,000	0	(54,000)	583,000	56,000
Compensated Absences	1,684,670	327,724	(266,466)	1,745,928	497,749
Subtotal Bonds & Other Amounts	<u>43,549,099</u>	<u>327,724</u>	<u>(1,999,237)</u>	<u>41,877,586</u>	<u>2,118,449</u>
Net Pension Liability:					
STRS	32,209,095	7,246,876	0	39,455,971	0
SERS	5,491,148	1,822,542	0	7,313,690	0
Total Net Pension Liability	<u>37,700,243</u>	<u>9,069,418</u>	<u>0</u>	<u>46,769,661</u>	<u>0</u>
Total Long-term Obligations	<u><u>\$81,249,342</u></u>	<u><u>\$9,397,142</u></u>	<u><u>(\$1,999,237)</u></u>	<u><u>\$88,647,247</u></u>	<u><u>\$2,118,449</u></u>

General obligation bonds will be paid from the Debt Service Fund. Capital leases will be paid from the General Fund. Compensated absences will be paid from the fund from which the person is paid. Net pension liability represents the long-term portion of the accrued liability associated with STRS and SERS pension liability. These items will be repaid from the funds from which the employees work to whom the liability is associated with or the General Fund if no such funds are available.

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Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2018	\$1,495,000	\$1,565,637	\$3,060,637
2019	1,655,000	1,509,737	3,164,737
2020	1,710,000	1,451,812	3,161,812
2021	1,775,000	1,400,962	3,175,962
2022	1,945,000	1,335,987	3,280,987
2023-2027	5,695,000	5,534,499	11,229,499
2028-2032	2,565,000	4,966,181	7,531,181
2033-2037	3,575,000	4,375,125	7,950,125
2038-2042	4,875,000	3,321,125	8,196,125
2043-2047	6,220,000	1,940,750	8,160,750
2048-2050	4,530,000	347,250	4,877,250
Total	<u>\$36,040,000</u>	<u>\$27,749,065</u>	<u>\$63,789,065</u>

Note 8 – Capital Leases

The District, in prior years, has entered into two capital leases for buildings.

The leases meet the criteria of capital leases as defined by statement of Financial Accounting Standards No. 13 “Accounting for Leases”, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments for the buildings will be made from the General Fund.

In fiscal year 2002, the District into a \$1,500,000 capital lease for an administration building. The lease has an interest rate of 8.75% on \$550,000 (taxable portion), which was paid off on June 1, 2016, and an interest rate of 6.03% on \$950,000 (non-taxable portion), which will be paid off on June 1, 2026.

In fiscal year 2012, the capital lease proceeds that were recorded in the Permanent Improvement Fund relates to the HB264 Energy Improvements for the District. The District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned U.S. Bank National Association as trustee. U.S. Bank National Association deposited \$883,000 in the District’s name for the HB264 Energy Improvements. The District made an interest payment to U.S. Bank National Association. The lease is renewable annually and expires on December 1, 2025. The intention of the District is to renew the lease annually. The District began making principal payments in fiscal year 2012. The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 3.50% plus an annual administrative fee.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

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Fiscal Year Ending June 30,	Long-Term Debt
2018	\$194,977
2019	194,837
2020	194,674
2021	194,353
2022	194,952
2023-2026	<u>776,067</u>
Total Minimum Lease Payments	1,749,860
Less: Amount Representing Interest	(360,916)
Less: Additional Program Cost Component	<u>(4,144)</u>
Present Value of Minimum Lease Payments	<u>\$1,384,800</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Buildings and Improvements	\$2,383,000
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Note 9 - 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 employer’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions are financed; however, the employer 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.

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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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 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 or \$86.00 multiplied by the years of service credit. 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 employer 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, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent contribution rate was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$438,213 for fiscal year 2017. Of this amount \$134,854 is reported as accrued wages and benefits.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

Wyoming City School District
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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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The employer was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was \$1,805,808 for fiscal year 2017. Of this amount \$297,944 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,313,690	\$39,455,971	\$46,769,661
Proportion of the Net Pension Liability Prior Measurement Date	0.09623300%	0.11654307%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.09992640%</u>	<u>0.11787397%</u>	
Change in Proportionate Share	0.00369340%	0.00133090%	
Pension Expense	\$897,518	\$3,378,700	\$4,276,218

At June 30, 2017, 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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$98,645	\$1,594,211	\$1,692,856
Changes of assumptions	488,229	0	488,229
Net difference between projected and actual earnings on pension plan investments	603,273	3,275,906	3,879,179
Changes in employer proportionate share of net pension liability	198,129	948,004	1,146,133
Contributions subsequent to the measurement date	<u>438,213</u>	<u>1,805,808</u>	<u>2,244,021</u>
Total Deferred Outflows of Resources	<u>\$1,826,489</u>	<u>\$7,623,929</u>	<u>\$9,450,418</u>

Wyoming City School District
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\$2,244,021 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$374,876	\$1,061,921	\$1,436,797
2019	374,442	1,061,921	1,436,363
2020	465,542	2,318,977	2,784,519
2021	<u>173,416</u>	<u>1,375,302</u>	<u>1,548,718</u>
Total	<u>\$1,388,276</u>	<u>\$5,818,121</u>	<u>\$7,206,397</u>

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, 2016, are presented below:

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

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for

Wyoming City School District
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female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$9,682,870	\$7,313,690	\$5,330,588

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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: (1) discount rate was reduced from 7.75% to 7.50%, (2) the assumed rate of inflation was reduced from 3.25% to 3.00%, (3) payroll growth assumption was reduced from 4.00% to 3.50%, (4) assumed real wage growth was reduced from 0.75% to 0.50%, (5) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (6) 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, (7) 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 and (8) 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.

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	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 paid on fifth anniversary of retirement date.

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 not set back from age 90 and above.

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

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates 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	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

**Wyoming City School District
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Discount Rate

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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$52,433,779	\$39,455,971	\$28,508,425

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the net pension liability is expected to be significant.

Note 10 - Post Employment Benefits

School Employees Retirement System

Health Care Plan Description – Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. 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. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$75,121, respectively. For fiscal year 2017, the District's surcharge obligation was \$52,491.

The SERS Retirement Board establishes 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.

The financial reports of SERS' Health Care plan are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement System

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board 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. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$0, respectively.

Note 11 – Contingent Liabilities

Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

Litigation

The District's attorney estimates that there are no potential claims against the District that are not covered by insurance resulting from litigation.

Note 12 – Risk Management

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 2017, the District contracted with Liberty Mutual for property and fleet insurance, liability insurance, and inland marine coverage. Coverage's provided by Liberty Mutual are as follows:

Building and Contents - Replacement Cost	\$67,020,344
Inland Marine Coverage	1,480,750
Boiler and Machinery	No Limit
Crime Insurance	100,000
Automobile Liability	1,000,000
Uninsured Motorist	1,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate Umbrella Liability	1,000,000
Per Year	3,000,000

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

For fiscal year 2017, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 school 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 will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 13 – Jointly Governed Organizations

Great Oaks Career Campuses (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a Board consisting of one representative from each participating school district's elected board. The Board possesses its own budgeting and taxing authority. Great Oaks provides academic preparation and job training which leads to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for Great Oaks.

The District is a participant in the Hamilton/Clermont Cooperative Information Technology Center (H/CC) formerly known as H/CCA which is a computer consortium A-site used by the District. H/CC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of the School consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the board.

Note 14 – Claims Servicing Pool

The District participates as one of 14 members of the Greater Cincinnati Insurance Consortium (GCIC), a shared risk pool, comprised of thirteen Hamilton County school districts and the Hamilton County Educational Service Center. Decisions concerning the operation of the consortium are made by a Board of Directors consisting of the Superintendent or a designated representative from each of the 14 GCIC members. GCIC transitioned from a fully insured plan with Anthem Blue Cross and Blue Shield to a self-insured plan in 2007, and now pay premiums based on expected costs developed by an independent actuary. This fund arrangement allows the plan to avoid paying state premium taxes and additional expenses associated with a fully insured plan. The consortium's financial success since 2007 has been shared with the member districts and their employees by passing on only a portion of the required annual premium increases, if any.

Note 15 – Accountability

The following individual fund had a deficit in fund balance at year end:

<u>Other Governmental Funds</u>	<u>Deficit</u>
Food Service	\$45,154
Special Education	211
Title I	16,015
Improving Teacher Quality	2,567

The deficits in fund balances were primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 16 – Fund Balance Reserves for Set-Asides

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula the acquisition and construction of capital improvements. Amounts not spent by

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2016	\$0
Current Year Set-aside Requirement	335,636
Qualified Disbursements	(285,889)
Current Year Offsets	(49,747)
Set-aside Reserve Balance as of June 30, 2017	<u>\$0</u>

Note 17 – Interfund Transactions

Interfund transactions at June 30, 2017, consisted of the following interfund receivable and interfund payable and transfers in and transfers out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$153,382	\$0	\$0	\$1,000
Other Governmental Funds	<u>0</u>	<u>153,382</u>	<u>1,000</u>	<u>0</u>
Total All Funds	<u>\$153,382</u>	<u>\$153,382</u>	<u>\$1,000</u>	<u>\$1,000</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 18 – Fund Balances

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Fund Balances	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$3,619	\$0	\$31	\$3,650
Total Nonspendable	3,619	0	31	3,650
Restricted for:				
Other Grants	0	0	13,940	13,940
Student Activity	0	0	111,525	111,525
Auxiliary Services	0	0	5,725	5,725
Debt Service	0	4,433,388	0	4,433,388
Permanent Improvement	0	0	409,501	409,501
Total Restricted	0	4,433,388	540,691	4,974,079
Assigned to:				
Encumbrances	100,287	0	0	100,287
Public School Support	152,252	0	0	152,252
Budgetary Variance	1,105,854	0	0	1,105,854
Total Assigned	1,358,393	0	0	1,358,393
Unassigned (Deficit)	7,526,844	0	(63,978)	7,462,866
Total Fund Balance	\$8,888,856	\$4,433,388	\$476,744	\$13,798,988

Note 19 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*.

GASB Statement No. 77 establishes improved financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of GASB Statement No 77 did not have an effect on the financial statements of the District.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

REQUIRED SUPPLEMENTARY INFORMATION

Wyoming City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.11787397%	0.11654307%	0.11277709%	0.11277709%
District's Proportionate Share of the Net Pension Liability	\$39,455,971	\$32,209,096	\$27,431,291	\$32,587,978
District's Covered-Employee Payroll	\$12,761,229	\$12,236,314	\$12,409,062	\$12,878,123
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	309.19%	263.23%	221.06%	253.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available and amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information.

Wyoming City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.09992640%	0.09623300%	0.09485800%	0.09485800%
District's Proportionate Share of the Net Pension Liability	\$7,313,690	\$5,491,148	\$4,800,709	\$5,642,594
District's Covered-Employee Payroll	\$3,103,343	\$3,398,058	\$2,784,242	\$3,579,017
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.67%	161.60%	172.42%	157.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available and amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information.

Wyoming City School District
 Required Supplementary Information
 Schedule of District Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,805,808	\$1,786,572	\$1,713,084	\$1,613,178	\$1,674,156
Contributions in Relation to the Contractually Required Contribution	<u>(1,805,808)</u>	<u>(1,786,572)</u>	<u>(1,713,084)</u>	<u>(1,613,178)</u>	<u>(1,674,156)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$12,898,629	\$12,761,229	\$12,236,314	\$12,409,062	\$12,878,123
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the Required Supplementary Information.

2012	2011	2010	2009	2008
\$1,592,976	\$1,552,104	\$1,537,248	\$1,504,044	\$1,486,896
(1,592,976)	(1,552,104)	(1,537,248)	(1,504,044)	(1,486,896)
\$0	\$0	\$0	\$0	\$0
\$12,253,662	\$11,939,262	\$11,824,985	\$11,569,569	\$11,437,662
13.00%	13.00%	13.00%	13.00%	13.00%

Wyoming City School District
 Required Supplementary Information
 Schedule of District Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$438,213	\$434,468	\$447,864	\$385,896	\$495,336
Contributions in Relation to the Contractually Required Contribution	<u>(438,213)</u>	<u>(434,468)</u>	<u>(447,864)</u>	<u>(385,896)</u>	<u>(495,336)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$3,130,093	\$3,103,343	\$3,398,058	\$2,784,242	\$3,579,017
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to the Required Supplementary Information.

2012	2011	2010	2009	2008
\$473,376	\$454,416	\$411,408	\$445,440	\$394,044
(473,376)	(454,416)	(411,408)	(445,440)	(394,044)
\$0	\$0	\$0	\$0	\$0
\$3,519,524	\$3,615,084	\$3,038,464	\$4,526,829	\$4,012,668
13.45%	12.57%	13.54%	9.84%	9.82%

Wyoming City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$15,382,031	\$15,223,661	\$15,427,347	\$203,686
Tuition and Fees	621,726	615,325	623,558	8,233
Investment Earnings	113,519	112,350	113,853	1,503
Intergovernmental	6,961,203	6,889,532	6,981,711	92,179
Other Revenues	193,999	192,002	194,571	2,569
Total Revenues	23,272,478	23,032,870	23,341,040	308,170
Expenditures:				
Current:				
Instruction:				
Regular	13,534,154	13,437,676	13,419,964	17,712
Special	2,669,495	2,650,466	2,646,972	3,494
Other	12,948	12,856	12,839	17
Support Services:				
Pupil	2,193,699	2,178,061	2,175,190	2,871
Instructional Staff	1,155,568	1,147,330	1,145,818	1,512
General Administration	120,336	119,478	119,321	157
School Administration	1,964,956	1,950,949	1,948,377	2,572
Fiscal	920,887	914,322	913,117	1,205
Business	1,780	1,767	1,765	2
Operations and Maintenance	2,181,312	2,165,763	2,162,908	2,855
Pupil Transportation	486,148	482,682	482,046	636
Central	179,984	178,701	178,465	236
Extracurricular Activities	566,095	562,060	561,319	741
Capital Outlay	1,109	1,101	1,100	1
Debt Service:				
Principal Retirement	120,719	119,858	119,700	158
Interest and Fiscal Charges	65,744	65,275	65,189	86
Total Expenditures	26,174,934	25,988,345	25,954,090	34,255
Excess of Revenues Over (Under) Expenditures	(2,902,456)	(2,955,475)	(2,613,050)	342,425
Other Financing Sources (Uses):				
Advances In	172,419	170,644	172,927	2,283
Advances (Out)	(100,983)	(100,263)	(100,131)	132
Transfers In	32,588	32,252	32,684	432
Transfers (Out)	(38,256)	(37,983)	(37,933)	50
Total Other Financing Sources (Uses)	65,768	64,650	67,547	2,897
Net Change in Fund Balance	(2,836,688)	(2,890,825)	(2,545,503)	345,322
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,589,011	7,589,011	7,589,011	0
Fund Balance End of Year	\$4,752,323	\$4,698,186	\$5,043,508	\$345,322

See accompanying notes to the required supplementary information.

Wyoming City School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2017

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2017.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Wyoming City School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2017

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$2,144,368)
Revenue Accruals	(850,017)
Expenditure Accruals	537,873
Transfers In	32,684
Transfers (Out)	(36,933)
Advances (In)	172,927
Advances (Out)	(100,131)
Encumbrances	(158,214)
Funds Budgeted Elsewhere	676
Budget Basis	<u><u>(\$2,545,503)</u></u>

Note 2 – SERS Changes in Benefits Terms and Assumptions

Changes in Benefit Terms

There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

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: (1) discount rate was reduced from 7.75% to 7.50%, (2) the assumed rate of inflation was reduced from 3.25% to 3.00%, (3) payroll growth assumption was reduced from 4.00% to 3.50%, (4) assumed real wage growth was reduced from 0.75% to 0.50%, (5) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (6) 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, (7) 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 and (8) 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.

Note 3 – STRS Changes in Benefits Terms and Assumptions

Changes in Benefit Terms

There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in Assumptions

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017. See the notes to the basic financials for the methods and assumptions in this calculation.

WYOMING CITY SCHOOL DISTRICT



Yellow Book Report

June 30, 2017

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Wyoming City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wyoming City School District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
February 16, 2018



Dave Yost • Auditor of State

WYOMING CITY SCHOOL DISTRICT

HAMILTON 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
APRIL 19, 2018**