DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2018

TABLE OF CONTENTS

DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2018

TABLE OF CONTENTS
(Continued)

INDEPENDENT AUDITOR'S REPORT

Dover City School District
Tuscarawas County
219 West Sixth Street
Dover, Ohio 44622

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2019

This page intentionally left blank.

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased $13,249,877, which represents a 267 percent increase from the 2017 restated balance.
- Capital assets increased $3,095,753 during fiscal year 2018.
- During the fiscal year, outstanding debt decreased from $26,197,356 to $25,541,149 due to principal payments made by the School District.
- The School District implemented GASB 75, which reduced beginning net position as previously reported by $8,460,815.
- A decrease in net pension liability and net OPEB liability substantially decreased all instructional and support services expenses compared to fiscal year 2017. See further explanation after Table 1.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major fund's financial statements begin on page 17. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the building fund, and the classroom facilities fund.

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

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 22.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate *Statements of Fiduciary Net Position* and *Changes in Fiduciary Net Position* on pages 25 and 26. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

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

Table 1
Net Position

	Governmental Activities	
	2018	Restated 2017
Assets		
Current and Other Assets	$ 70,191,996	$ 73,644,018
Capital Assets	12,479,213	9,383,460
Total Assets	82,671,209	83,027,478
Deferred Outflows of Resources		
Deferred Charges on Refunding	0	0
Pension & OPEB	10,281,502	8,502,527
Total Deferred Outflows of Resources	10,281,502	8,502,527
Liabilities		
Current Liabilities	4,625,570	4,239,984
Long-Term Liabilities:		
Due Within One Year	689,311	825,459
Due in More Than One Year		
Pension & OPEB	38,072,450	52,580,608
Other Amounts	26,714,221	27,461,893
Total Liabilities	70,101,552	85,107,944
Deferred Inflows of Resources		
Property Taxes	12,170,868	11,360,185
Revenue in Lieu of Taxes	0	
Deferred Charges on Refunding	0	0
Pension & OPEB	2,391,245	22,707
Total Deferred Inflows of Resources	14,562,113	11,382,892
Net Position		
Net Investment in Capital Assets	9,540,816	7,863,498
Restricted	24,266,239	23,717,261
Unrestricted	(25,518,009)	(36,541,590)
Total Net Position	$ 8,289,046	$ (4,960,831)

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating the net position at June 30, 2017 from $3,499,984 to a deficit of $4,960,831.

At fiscal year-end, capital assets represented 15 percent of total assets. Capital assets include land, buildings and building improvements, improvements other than buildings, furniture and fixtures, vehicles, and construction in progress. Net investment in capital assets was $9,540,816 at June 30, 2018. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, $24,266,239, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit balance of $25,518,009, which is primarily caused by the implementation of GASB 68 and 75.

Current assets decreased $3,452,022 in fiscal year 2018. Intergovernmental receivables decreased by $7,600,450, primarily due the School District drawing down funds for the Ohio Facilities Construction Commission ("OFCC") project for the new high school. A significant portion of this decrease was offset by an increase in cash and investments, as the School District had not yet spent all of the money drawn down from OFCC at fiscal year-end.

Capital assets increased $3,095,753 primarily due to the purchase of additional land and other pre-construction costs for the new high school.

The significant decrease in net pension liability is largely the result of a change in benefit terms in which STRS reduced their COLA to zero coupled by a slight reduction in COLA benefits by SERS. The significant increase in deferred outflows and inflows related to pension/OPEB are primarily from the change of assumptions and the difference in projected and actual investments earnings, respectively. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL and are described in more detail in their respective notes.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program Revenues:		
Charges for Services	$ 1,004,176	$ 1,009,515
Operating Grants	3,277,159	3,277,196
Capital Grants	184,100	1,566,550
Total Program Revenues	4,465,435	5,853,261
General Revenues:		
Property Taxes	13,022,706	13,339,758
Grants and Entitlements Not Restricted	10,158,844	10,135,886
Grants and Entitlements - OFCC	0	20,302,957
Other	422,047	228,750
Total General Revenues	23,603,597	44,007,351
Total Revenues	28,069,032	49,860,612
Program Expenses		
Instruction:		
Regular	4,622,625	14,615,678
Special	1,534,708	3,250,375
Vocational	13,778	30,284
Student Intervention Services	257,543	181,049
Other	600,768	664,653
Support Services:		
Pupils	161,189	914,974
Instructional Staff	331,827	615,441
Board of Education	170,285	149,075
Administration	1,204,016	2,291,353
Fiscal	647,186	702,018
Operation and Maintenance of Plant	1,912,129	2,093,139
Pupil Transportation	799,858	904,598
Operation of Non-Instructional Services:		
Food Service Operations	780,340	906,096
Community Services	162,662	164,573
Extracurricular Activities	692,582	1,194,835
Debt Service:		
Interest and Fiscal Charges	927,659	732,027
Total Expenses	14,819,155	29,410,168
Increase (Decrease) in Net Position	$ 13,249,877	$ 20,450,444

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $45,187 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $1,254,947. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75	$ 14,819,155
Negative OPEB Expense under GASB 75	1,254,947
2018 Contractually Required Contribution	57,751
Adjusted 2018 Program Expenses	16,131,853
Total 2017 Program Expenses under GASB 45	29,410,168
Decrease in Program Expenses not Related to OPEB	$ (13,278,315)

The decrease in capital grants is the result of large donations for the new high school gym in fiscal year 2017. Additionally, the entire OFCC grant award amount was recognized in fiscal year 2017, resulting in the decrease in OFCC grants and entitlement revenue.

See financial highlights for explanation of fluctuations in expenses.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2018	2017	2018	2017
Instruction:				
Regular	$ 4,622,625	$ 14,615,678	$ 4,091,207	$ 14,008,569
Special	1,534,708	3,250,375	(162,715)	1,546,891
Vocational	13,778	30,284	(31,457)	(23,277)
Student Intervention Services	257,543	181,049	66,763	90,511
Other	600,768	664,653	435,740	488,197
Support Services:				
Pupils	161,189	914,974	35,942	801,250
Instructional Staff	331,827	615,441	331,827	615,441
Board of Education	170,285	149,075	170,285	149,075
Administration	1,204,016	2,291,353	1,182,075	2,262,876
Fiscal	647,186	702,018	647,186	702,018
Operation and Maintenance of Plant	1,912,129	2,093,139	1,709,428	2,081,229
Pupil Transportation	799,858	904,598	786,580	880,902
Operation of Non-Instructional Services:				
Food Service Operations	780,340	906,096	(48,013)	(6,505)
Community Services	162,662	164,573	(15,128)	1,149
Extracurricular Activities	692,582	1,194,835	226,341	(773,446)
Debt Service:				
Interest and Fiscal Charges	927,659	732,027	927,659	732,027
Total Expenses	$ 14,819,155	$ 29,410,168	$ 10,353,720	$ 23,556,907

The dependence upon general revenues for governmental activities is apparent. Nearly 70 percent of governmental activities are supported through taxes and other general revenues; such revenues are 84 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

The total and net cost of services changes were primarily caused by the change in COLA related to NPL as previously discussed.

Governmental Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $35,830,541 and expenditures of $32,815,076 for the fiscal year. The net change in fund balances for the fiscal year was an increase of $3,015,465 for all governmental funds.

The general fund's net change in fund balance for fiscal year 2018 was a decrease of $2,046,485. Revenues decreased slightly from the prior year, primarily due to a decrease in the amount of property taxes available for advance. This amount can vary from year to year based on the dates bills are sent. Expenses, primarily salaries and benefits, increased approximately 4 percent from fiscal year 2017, which also contributed to the decrease in fund balance.

The building fund's net change in fund balance for fiscal year 2018 was a decrease of $637,197, which was the result of expenditures related to the OFCC construction project.

The classroom facilities fund's net change in fund balance for fiscal year 2018 was an increase of $5,730,333, due to the timing of OFCC draw downs versus OFCC construction project payments.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue and other financing sources of $23,464,552 were lower than the final budget basis revenue by $94,957. Final budget basis revenue was $413,500 higher than original budget amounts due to an increase in estimated property tax revenue.

Final appropriations of $25,387,041 were $256,936 lower than the actual expenditures of $25,643,977.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $12,479,213 invested in capital assets, net of depreciation. Table 4 shows fiscal year 2018 balances compared with 2017.

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

	Governmental Activities	
	2018	2017
Land	$ 2,991,352	$ 1,843,368
Construction in Progress	2,198,887	26,912
Buildings and Building Improvements	6,216,809	6,370,206
Improvements Other Than Buildings	65,684	69,627
Furniture and Fixtures	611,002	637,828
Vehicles	395,479	435,519
Totals	$ 12,479,213	$ 9,383,460

The $3,095,753 increase in capital assets was attributable to land purchases and pre-construction costs for a new high school. See Note 7 for more information about the capital assets of the School District.

Debt

At June 30, 2018, the School District had $25,541,149 in debt outstanding. See Note 12 for additional details. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2018	2017
Classroom Facilities & School Improvement Bonds, Series 2017-1	$ 15,972,176	$ 16,282,488
Classroom Facilities & School Improvement Bonds, Series 2017-2	9,568,973	9,914,868
Total	$ 25,541,149	$ 26,197,356

Current Issues

The Dover City School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. An emergency operating levy was passed in March 2008 and began collecting in 2009. This levy and a previous one were renewed in 2012 for an additional ten more years. The School District had an emergency operating levy on the ballot in November 2018 for an additional 8.9 mills in operating funds, which did not pass.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). 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 was 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, school 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 46 percent of revenues for governmental activities for the Dover City School District in fiscal year 2018.

The School District has also been affected by increased delinquency rates, changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy has stretched for longer than it was planned. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Matt King, Interim Treasurer of Dover City School District, 219 West Sixth Street, Dover, OH 44622 or kingm@dovertornadoes.com.

Dover City School District
Tuscarawas County, Ohio
Statement of Net Position
June 30, 2018

		Governmental Activities
Assets		
Equity in Pooled Cash and Investments	$	40,512,953
Cash and Cash Equivalents with Fiscal Agent		3,058,415
Receivables:		
Accounts		2,920
Intergovernmental		12,948,536
Property Taxes		13,644,933
Prepaid Items		24,239
Nondepreciable Capital Assets		5,190,239
Depreciable Capital Assets (Net)		7,288,974
Total Assets		82,671,209
Deferred Outflows of Resources		
Pension		9,971,055
OPEB		310,447
Total Deferred Outflows of Resources		10,281,502
Liabilities		
Accounts Payable		143,768
Accrued Wages and Benefits		2,835,831
Contracts Payable		368,889
Intergovernmental Payable		489,260
Matured Compensated Absences Payable		11,590
Accrued Interest Payable		157,729
Claims Payable		223,786
Unearned Revenue		394,717
Long Term Liabilities:		
Due Within One Year		689,311
Due In More Than One Year:		
Net Pension Liability		31,488,479
Net OPEB Liability		6,583,971
Other Amonts Due in More Than One Year		26,714,221
Total Liabilities		70,101,552
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year		12,170,868
Pension		1,516,652
OPEB		874,593
Total Deferred Inflows of Resources		14,562,113
Net Position		
Net Investment in Capital Assets		9,540,816
Restricted For:		
Capital Outlay		22,574,876
Debt Service		545,264
Other Purposes		1,146,099
Unrestricted		(25,518,009)
Total Net Position	$	8,289,046

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$ 4,622,625	$ 126,307	$ 405,111	$ 0	$ (4,091,207)
Special	1,534,708	0	1,697,423	0	162,715
Vocational	13,778	0	45,235	0	31,457
Student Intervention Services	257,543	0	190,780	0	(66,763)
Other	600,768	152,516	12,512	0	(435,740)
Support Services:					
Pupils	161,189	0	125,247	0	(35,942)
Instructional Staff	331,827	0	0	0	(331,827)
Board of Education	170,285	0	0	0	(170,285)
Administration	1,204,016	0	21,941	0	(1,182,075)
Fiscal	647,186	0	0	0	(647,186)
Operation and Maintenance of Plant	1,912,129	0	18,601	184,100	(1,709,428)
Pupil Transportation	799,858	4,534	8,744	0	(786,580)
Operation of Non-Instructional Services:					
Food Service Operations	780,340	276,170	552,183	0	48,013
Community Services	162,662	0	177,790	0	15,128
Extracurricular Activities	692,582	444,649	21,592	0	(226,341)
Debt Service:					
Interest and Fiscal Charges	927,659	0	0	0	(927,659)
Total	$ 14,819,155	$ 1,004,176	$ 3,277,159	$ 184,100	(10,353,720)

General Revenues	
Property Taxes Levied for:	
General Purposes	11,357,812
Debt Service	1,381,559
Capital Outlay	119,087
Classroom Facilities Maintenance	164,248
Grants and Entitlements Not Restricted to Specific Programs	10,158,844
Investment Earnings	357,516
Miscellaneous	64,531
Total General Revenues	23,603,597
Change in Net Position	13,249,877
Net Position Beginning of Year (Restated - See Note 2)	(4,960,831)
Net Position End of Year	$ 8,289,046

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	$ 6,670,325	$ 8,263,183	$ 23,387,139	$ 2,192,306	$ 40,512,953
Receivables:					
Accounts	2,732	0	0	188	2,920
Intergovernmental	108,384	0	12,644,109	196,043	12,948,536
Property Taxes	11,927,925	0	0	1,717,008	13,644,933
Prepaid Items	24,239	0	0	0	24,239
Total Assets	$ 18,733,605	$ 8,263,183	$ 36,031,248	$ 4,105,545	$ 67,133,581
Liabilities					
Accounts Payable	$ 88,859	$ 3,955	$ 0	$ 50,954	$ 143,768
Accrued Wages and Benefits	2,578,503	0	0	257,328	2,835,831
Contracts Payable	0	7,194	361,695	0	368,889
Intergovernmental Payable	463,227	0	0	26,033	489,260
Matured Compensated Absences Payable	11,590	0	0	0	11,590
Total Liabilities	3,142,179	11,149	361,695	334,315	3,849,338
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	10,639,349	0	0	1,531,519	12,170,868
Unavailable Revenue	167,139	0	12,644,109	122,783	12,934,031
Total Deferred Inflows of Resources	10,806,488	0	12,644,109	1,654,302	25,104,899
Fund Balances					
Nonspendable	24,239	0	0	0	24,239
Restricted	0	8,252,034	23,025,444	2,226,503	33,503,981
Assigned	2,529,859	0	0	0	2,529,859
Unassigned	2,230,840	0	0	(109,575)	2,121,265
Total Fund Balances	4,784,938	8,252,034	23,025,444	2,116,928	38,179,344
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 18,733,605	$ 8,263,183	$ 36,031,248	$ 4,105,545	$ 67,133,581

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$ 38,179,344
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.		12,479,213
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	$ 12,742,833	
Delinquent Property Taxes	191,198	12,934,031
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,439,912
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(157,729)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.		
Deferred Outflows - Pension	9,971,055	
Deferred Outflows - OPEB	310,447	
Net Pension Liability	(31,488,479)	
Net OPEB Liability	(6,583,971)	
Deferred Inflows - Pension	(1,516,652)	
Deferred Inflows - OPEB	(874,593)	(30,182,193)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
General Obligation Bonds	(24,555,000)	
Bond Premium	(1,112,547)	
Bond Discount	126,398	
Capital Lease Obligation	(134,589)	
Compensated Absences	(1,727,794)	(27,403,532)
Net Position of Governmental Activities		$ 8,289,046

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	$ 11,380,172	$ 0	$ 0	$ 1,667,737	$ 13,047,909
Intergovernmental	11,155,654	0	7,658,848	2,301,483	21,115,985
Investment Income	36,221	37,979	267,128	3,941	345,269
Tuition and Fees	130,841	0	0	0	130,841
Extracurricular Activities	152,516	0	0	444,649	597,165
Charges for Services	0	0	0	276,170	276,170
Contributions and Donations	47,743	184,100	0	20,642	252,485
Miscellaneous	63,767	0	0	950	64,717
Total Revenues	22,966,914	222,079	7,925,976	4,715,572	35,830,541
Expenditures					
Current:					
Instruction:					
Regular	13,291,703	0	0	429,215	13,720,918
Special	2,688,631	0	0	636,860	3,325,491
Vocational	8,662	0	0	5,116	13,778
Student Intervention Services	60,586	0	0	201,926	262,512
Other	723,590	0	0	10,200	733,790
Support Services:					
Pupils	747,566	0	0	79,632	827,198
Instructional Staff	496,664	0	0	0	496,664
Board of Education	170,285	0	0	0	170,285
Administration	2,213,067	0	0	17,786	2,230,853
Fiscal	672,698	0	0	31,134	703,832
Operation and Maintenance of Plant	2,057,103	0	0	196,964	2,254,067
Pupil Transportation	824,045	0	0	0	824,045
Extracurricular Activities	723,512	0	0	411,699	1,135,211
Operation of Non-Instructional Services:					
Food Service Operations	2,026	0	0	856,218	858,244
Community Services	0	0	0	174,991	174,991
Capital Outlay	278,832	859,276	2,195,643	0	3,333,751
Debt Service:					
Principal Retirement	32,198	0	0	610,000	642,198
Interest and Fiscal Charges	22,231	0	0	1,085,017	1,107,248
Total Expenditures	25,013,399	859,276	2,195,643	4,746,758	32,815,076
Net Change in Fund Balance	(2,046,485)	(637,197)	5,730,333	(31,186)	3,015,465
Fund Balances Beginning of Year	6,831,423	8,889,231	17,295,111	2,148,114	35,163,879
Fund Balances End of Year	$ 4,784,938	$ 8,252,034	$ 23,025,444	$ 2,116,928	$ 38,179,344

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 3,015,465
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 3,554,777	
Current Year Depreciation	(459,024)	3,095,753
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(25,203)	
Intergovernmental	(7,752,494)	(7,777,697)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	610,000	
Capital Leases	32,198	642,198
In the statement of activities, interest is accrued on outstanding bonds; and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	133,382	
Amortization of Premium on Bonds	50,668	
Amortization of Refunding Loss/Gain	(4,461)	179,589
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,195,606	
OPEB	57,751	2,253,357
Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension	10,410,291	
OPEB	1,254,947	11,665,238
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		(19,441)
Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		195,415
Change in Net Position of Governmental Activities		$ 13,249,877

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 23,146,009	$ 23,559,509	$ 23,464,552	$ (94,957)
Expenditures and Other Financing Uses	25,137,041	25,387,041	25,643,977	(256,936)
Net Change in Fund Balance	(1,991,032)	(1,827,532)	(2,179,425)	(351,893)
Fund Balance Beginning of Year	7,441,266	7,441,266	7,441,266	0
Prior Year Encumbrances Appropriated	687,230	687,230	687,230	0
Fund Balance End of Year	$ 6,137,464	$ 6,300,964	$ 5,949,071	$ (351,893)

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	$ 3,058,415
Liabilities	
Current Liabilities	
Claims Payable	223,786
Unearned Revenue	394,717
Total Current Liabilities	618,503
Net Position	
Unrestricted	$ 2,439,912

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	$ 4,134,970
Other	6,176
Total Operating Revenues	4,141,146
Operating Expenses	
Purchased Services	274,313
Claims	3,902,462
Total Operating Expenses	4,176,775
Operating Income (Loss)	(35,629)
Non-Operating Revenues (Expenses)	
Interest	16,188
Change in Net Position	(19,441)
Net Position Beginning of Year	2,459,353
Net Position End of Year	$ 2,439,912

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Customers	$ 4,529,687
Other Cash Receipts	6,176
Cash Paid for Goods and Services	(274,313)
Cash Paid for Claims	(3,924,066)
Net Cash Provided By Operating Activities	337,484
Cash Flows From Investing Activities	
Interest on Investments	16,188
Net Increase in Cash and Cash Equivalents	353,672
Cash and Cash Equivalents, Beginning of Year	2,704,743
Cash and Cash Equivalents, End of Year	$ 3,058,415
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	$ (35,629)
Adjustments:	
Increase (Decrease) in Liabilities:	
Unearned Revenue	394,717
Claims Payable	(21,604)
Total Adjustments	373,113
Net Cash Provided By Operating Activities	$ 337,484

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 396,855	$ 131,545
Investments in Segregated Accounts	18,540	0
Total Assets	415,395	$ 131,545
Liabilities		
Accounts Payable	0	$ 673
Due to Students	0	130,872
Total Liabilities	0	$ 131,545
Net Position		
Held in Trust for Scholarships	$ 415,395	

See accompanying notes to the basic financial statements.

Dover City School District
Tuscarawas County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
Additions	
Gifts and Contributions	$ 23,759
Investment Earnings	1,439
Total Additions	25,198
Deductions	
Payments in Accordance with Trust Agreements	31,507
Change in Net Position	(6,309)
Net Position Beginning of Year	421,704
Net Position End of Year	$ 415,395

See accompanying notes to the basic financial statements.

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Dover City School District (the "School District") was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a School District as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to, or can otherwise access, the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District does not have any component units.

Included with the reporting entity within the School District's boundaries, St. Joseph Elementary Parochial School is operated through the Columbus Catholic Diocese. Current state legislation provides state funding to this parochial school. The state monies are received and disbursed on behalf of the school by the School District Treasurer, as directed by the school. The receipt and disbursement activity of these monies is reflected in a special revenue fund.

The School District is involved with Ohio Mid-Eastern Regional Education Service Agency (OME-RESA), Buckeye Joint Vocational School District (JVS), and Tuscarawas County Tax Incentive Review Council (TCTIRC), which are defined as jointly governed organizations. The School District is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Dover Public Library is a related organization of the School District. Additional information about these organizations is presented in Notes 15, 16 and 17 to the basic financial statements.

Management believes the basic financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a *Statement of Net Position* and a *Statement of Activities*, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The *Statement of Net Position* and the *Statement of Activities* display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

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

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

> ***General Fund*** **-** The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Building Fund*** **-** The building fund is used to account for the receipts and expenditures related to the construction and renovations of facilities of the School District being financed through debt proceeds.
>
> ***Classroom Facilities Fund*** **-** The classroom facilities fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

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

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

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide *Statement of Net Position* for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide S*tatement of Net Position* and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the *Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities*. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide *Statement of Net Position*. (See Notes 10 and 11).

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

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

E. Cash and Investments

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

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

The School District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

The School District also invests in federal agency securities, U.S. Treasury bills and notes, commercial paper, a money market account, and certificates of deposit. Investments are reported at fair value which is based on quoted market prices. An analysis of the School District's investment account at fiscal year end is provided in Note 4.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to $36,221 which includes $8,668 assigned from other School District funds.

The School District participates in the Jefferson Health Plan for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statements as "cash and cash equivalents with fiscal agent." The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments."

F. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide *Statement of Net Position* but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Buildings and Building Improvements	10-50 Years
Improvements Other Than Buildings	10-50 Years
Furniture and Fixtures	5-20 Years
Vehicles	10 Years

G. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are reported as "due to/due from other funds." Interfund balance amounts are eliminated in the governmental activities column of the *Statement of Net Position*.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

I. Unearned Revenue

Unearned Revenue reported on the S*tatement of Net Position* and the *Statement of Fund Net Position* for the internal service fund represents early payments received for self-insurance funding for July 2018.

J. Pensions and Other Postemployment Benefits (OPEB)

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

K. Accrued Liabilities and Long-Term Obligations

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

L. Bond Discounts and Premiums

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

On the governmental fund financial statements, bond premiums and bond discounts are recognized in the period in which debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2018, there was no net position restricted by enabling legislation.

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

N. Fund Balance

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

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

O. 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 to the funds that initially paid for them are not presented on the financial statements.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Q. Extraordinary and Special Items

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

R. 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.

S. Budgetary Data

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

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

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

T. Implementation of New Accounting Principles and Restatement of Net Position

For the fiscal year ended June 30, 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments.*

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the School District.

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

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the School District.

Net Position, June 30, 2017	$	3,499,984
Adjustments:		
Net OPEB Liability		(8,506,002)
Deferred Outflow-Payments Subsequent to Measurement Date		45,187
Restated Net Position, July 1, 2017	$	(4,960,831)

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

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

GAAP Basis	$	(2,046,485)
Net Adjustment for Revenue Accruals		753,436
Net Adjustment for Expenditure Accruals		(241,176)
Funds Budgeted Elsewhere		5,297
Adjustment for Encumbrances		(650,497)
Budget Basis	$	(2,179,425)

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes uniform school supplies and public school support funds.

NOTE 4: DEPOSITS AND INVESTMENTS

State statues classify monies held by the School District into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and any other obligations of the State of Ohio;

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

6. The State Treasurer’s investment pool (STAR Ohio);

7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, from the purchase date in any amount not to exceed forty percent of the interim monies available for investment at any one time; and

8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

S&P Rating	Investment Type	Measurement Amount	Maturity (in Months) 0-12	12-36	Percent of Total
	Net Asset Value:				
AAA	Money Market	$ 36,618	$ 36,618	$ 0	0.13%
AAAm	Star Ohio	1,258,777	1,258,777	0	4.56%
N/A	Annuity	18,540	18,540	0	0.07%
	Fair Value:				
A+	Commercial Paper	4,116,620	4,116,620	0	14.90%
AA-	Commercial Paper	4,664,380	4,664,380	0	16.88%
A	Commercial Paper	4,157,884	4,157,884	0	15.05%
AA	Commercial Paper	3,839,413	3,839,413	0	13.90%
AA+	US Treasury Bill	4,385,647	4,385,647	0	15.87%
AA+	US Treasury Note	921,808	921,808	0	3.34%
AA+	Federal Home Loan Bank	1,493,619	1,493,619	0	5.41%
AA+	Federal National Mortgage Association	1,851,941	867,738	984,203	6.70%
AA+	Federal Farm Credit Bank	880,871	880,871	0	3.19%
	Total	$ 27,626,118	$ 26,641,915	$ 984,203	100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2018. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less for investments with a fixed interest rate, and two years or less for investments with a variable interest rate.

Credit Risk. The School District's investments at June 30, 2018 are rated as shown above by S & P Global Rating. The School District's annuity is an unrated investment.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2018, is 49 days.

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

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

Funds Held by Fiscal Agent

The School District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was $3,058,415. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

NOTE 5: PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 363,810,850	98%	$ 369,098,790	98%
Public Utility Personal Property	7,662,600	2%	8,103,950	2%
Total	$ 371,473,450	100%	$ 377,202,740	100%
Full Tax Rate Per $1,000 of assessed valuation	$ 60.97		$ 60.87	

NOTE 6: RECEIVABLES

Receivables at June 30, 2018 consisted of taxes, accounts (student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All are expected to be received within one year.

NOTE 7: CAPITAL ASSETS

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

	Balance 06/30/2017	Additions	Deletions	Balance 06/30/2018
Governmental Activities				
Capital Assets not being depreciated				
Land and Land Improvements	$ 1,843,368	$ 1,147,984	$ 0	$ 2,991,352
Construction in Progress	26,912	2,211,037	(39,062)	2,198,887
Total Capital Assets not being depreciated	1,870,280	3,359,021	(39,062)	5,190,239
Capital Assets being depreciated				
Buildings and Building Improvements	16,055,933	161,560	0	16,217,493
Improvements Other Than Buildings	214,197	0	0	214,197
Furniture and Fixtures	1,646,862	39,377	(12,265)	1,673,974
Vehicles	1,351,364	33,881	0	1,385,245
Total Capital Assets being depreciated	19,268,356	234,818	(12,265)	19,490,909
Less Accumulated Depreciation:				
Buildings and Building Improvements	(9,685,727)	(314,957)	0	(10,000,684)
Improvements Other Than Buildings	(144,570)	(3,943)	0	(148,513)
Furniture and Fixtures	(1,009,034)	(66,203)	12,265	(1,062,972)
Vehicles	(915,845)	(73,921)	0	(989,766)
Total Accumulated Depreciation	(11,755,176)	(459,024) *	12,265	(12,201,935)
Total Capital Assets being depreciated, net	7,513,180	(224,206)	0	7,288,974
Governmental Activities Capital Assets, Net	$ 9,383,460	$ 3,134,815	$ (39,062)	$ 12,479,213

*Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	$	226,940
Special		14,289
Support Services:		
Pupils		5,074
Instructional Staff		652
Administration		12,471
Fiscal Services		361
Operation and Maintenance of Plant		18,998
Pupil Transportation		72,850
Operation of Non-Instructional Services:		
Food Service Operations		7,855
Community Services		1,237
Extracurricular Activities		98,297
Total Depreciation Expense	$	459,024

NOTE 8: RISK MANAGEMENT

A. General Insurance

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of $2,500 per incident on property and equipment. The School District's comprehensive property and casualty policy aggregate limit is approximately $92,730,015. The School District's vehicle insurance policy limit is $1,000,000 with a $250 comprehensive deductible. All Board of Education members, administrators, and employees are covered under a School District liability policy. Additionally, the School District carries a $4,000,000 blanket umbrella policy. The limits of this coverage are $2,000,000 per occurrence and $4,000,000 in aggregate. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

B. Fidelity Bond

The Treasurer is covered under a surety bond in the amount of $50,000.

C. Workers' Compensation

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per $100 of salaries. The School District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

For fiscal year 2018, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as on 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 group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "Equity Pooling Fund" 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 Compmanagement provides administrative, cost control and actuarial services to the GRP.

D. Employee Medical Benefits

Medical, surgical and dental insurance is offered to all employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts within the region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of $223,786 reported in the internal service fund at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 2018 and 2017 are as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2017	$ 235,156	$ 3,617,269	$ 3,607,035	$ 245,390
2018	245,390	3,902,462	3,924,066	223,786

NOTE 9: OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. All employees earn two days of personal leave per year. This may not be accumulated. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Employees hired prior to July 1, 1990 can carry over the greater of twenty vacation days or the vacation days accumulated as of July 1, 1990. Employees hired after July 1, 1990 may accumulate a maximum of twenty vacation days. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 221 days for teachers, or the number of contracted days for classified, non-bargaining and administrative employees. Upon completion of five or more years of service to the School District, State, or other political subdivision, and retirement from the profession, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 55 days for all employees. Employees with less than five years of service are eligible under ORC 124.39 to receive the minimum severance payment specified by law.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to employees through UnumProvident. Coverage is provided for all certified and classified employees in the amount of $13,000.

NOTE 10: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at three percent.

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

The School District's contractually required contribution to SERS was $369,115 for fiscal year 2018. Of this amount, $36,341 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $1,826,491 for fiscal year 2018. Of this amount, $312,612 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.08093980%	0.11219644%	
Prior Measurement Date	0.08561370%	0.11295210%	
Change in Proportionate Share	-0.00467390%	-0.00075566%	
Proportionate Share of the Net Pension Liability	$ 4,835,974	$ 26,652,505	$ 31,488,479
Pension Expense	$ (257,763)	$ (10,152,528)	$ (10,410,291)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 208,125	$ 1,029,193	$ 1,237,318
Changes of Assumptions	250,071	5,829,196	6,079,267
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	17,668	441,196	458,864
School District Contributions Subsequent to the Measurement Date	369,115	1,826,491	2,195,606
Total Deferred Outflows of Resources	$ 844,979	$ 9,126,076	$ 9,971,055

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 214,809	$ 214,809
Net Difference between Projected and Actual Earnings on Pension Plan Investments	22,955	879,564	902,519
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	224,579	174,745	399,324
Total Deferred Inflows of Resources	$ 247,534	$ 1,269,118	$ 1,516,652

$2,195,606 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 109,956	$ 1,338,070	$ 1,448,026
2020	216,908	2,534,582	2,751,490
2021	14,201	1,735,898	1,750,099
2022	(112,735)	421,917	309,182
	$ 228,330	$ 6,030,467	$ 6,258,797

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the most recent actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	$ 6,711,076	$ 4,835,974	$ 3,265,194

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent effective July 1, 2017

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

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

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

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

*The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	$ 38,205,459	$ 26,652,505	$ 16,920,873

Assumption Changes since the Prior Measurement Date
The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Benefit Term Changes since the Prior Measurement Date
Effective July 1, 2017, the COLA was reduced to zero.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was $44,080.
The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $57,751 for fiscal year 2018. Of this amount $45,426 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Current Measurement Date	0.08221670%	0.11219644%	
Prior Measurement Date	0.08649030%	0.11295210%	
Change in Proportionate Share	-0.00427360%	-0.00075566%	
Proportionate Share of the Net OPEB Liability	$ 2,206,480	$ 4,377,491	$ 6,583,971
OPEB Expense	$ 86,600	$ (1,341,547)	$ (1,254,947)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 252,696	$ 252,696
School District Contributions Subsequent to the Measurement Date	57,751	0	57,751
Total Deferred Outflows of Resources	$ 57,751	$ 252,696	$ 310,447
Deferred Inflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 5,826	$ 187,104	$ 192,930
Changes of Assumptions	209,383	352,622	562,005
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	85,018	34,640	119,658
Total Deferred Inflows of Resources	$ 300,227	$ 574,366	$ 874,593

$57,751 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ (108,125)	$ (69,203)	$ (177,328)
2020	(108,125)	(69,203)	(177,328)
2021	(82,522)	(69,203)	(151,725)
2022	(1,455)	(69,203)	(70,658)
2023	0	(22,427)	(22,427)
Thereafter	0	(22,431)	(22,431)
	$ (300,227)	$ (321,670)	$ (621,897)

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.
Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

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

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

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

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

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

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

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	$ 2,664,606	$ 2,206,480	$ 1,843,528

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 1,790,393	$ 2,206,480	$ 2,757,178

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6.00 percent to 11.00 percent, initial, 4.50 percent ultimate

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

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

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

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

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

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

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

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	$ 5,876,712	$ 4,377,491	$ 3,192,617

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 3,041,293	$ 4,377,491	$ 6,136,084

NOTE 12: LONG-TERM OBLIGATIONS

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

	Restated Outstanding 06/30/2017	Additions	Reductions	Outstanding 06/30/2018	Amount Due in One Year
General Obligation Bonds:					
2017 Classroom Facilities & School Improvement					
Bonds- Series 2017-1	15,980,000	0	(300,000)	15,680,000	250,000
Unamortized Premium	433,347	0	(14,773)	418,574	0
Unamortized Discount	(130,859)	0	4,461	(126,398)	0
2017 Classroom Facilities & School Improvement					
Bonds- Series 2017-2	$ 9,185,000	$ 0	$ (310,000)	$ 8,875,000	$ 245,000
Unamortized Premium	729,868	0	(35,895)	693,973	0
Total General Obligation Bonds	26,197,356	0	(656,207)	25,541,149	495,000
Net Pension Liability:					
Pension	44,074,606	0	(12,586,127)	31,488,479	0
OPEB	8,506,002	0	(1,922,031)	6,583,971	0
Total Net Pension Liability	52,580,608	0	(14,508,158)	38,072,450	0
Compensated Absences	1,923,209	1,107	(196,522)	1,727,794	158,597
Capital Lease Payable	166,787	0	(32,198)	134,589	35,714
Total Governmental Activities					
Long-Term Liabilities	$ 80,867,960	$ 1,107	$ (15,393,085)	$ 65,475,982	$ 689,311

2017 Classroom Facilities and School Improvement Bonds, Series 2017-1

In March 2017 the School District issued $15,980,000 in general obligation bonds. The proceeds of the bonds will be used for new construction and building improvements throughout the School District. The bonds were issued for a 29 year period with final maturity at November 1, 2046. These bonds were issued with a premium of $438,271 and a discount of $132,346. These amounts are being amortized to interest expense over the life of the bonds using the straight-line method.

2017 Classroom Facilities and School Improvement Bonds, Series 2017-2

In March 2017 the School District issued $9,185,000 in general obligation bonds. The proceeds of the bonds will be used for new construction and building improvements throughout the School District. The bonds were issued for a 20 year period with final maturity at November 1, 2037. These bonds were issued with a premium of $741,833, which is being amortized to interest expense over the life of the bonds using the straight-line method.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2018 are as follows:

	2017 Series 1 School Improvements Bonds		2017 Series 2 School Improvements Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 250,000	$ 589,688	$ 245,000	$ 349,288	$ 495,000	$ 938,976
2020	500,000	582,188	5,000	344,338	505,000	926,526
2021	510,000	572,088	10,000	344,188	520,000	916,276
2022	520,000	556,588	10,000	343,988	530,000	900,576
2023	545,000	540,738	5,000	343,838	550,000	884,576
2024-2028	1,820,000	2,481,913	1,170,000	1,671,894	2,990,000	4,153,807
2029-2033	250,000	2,370,250	3,340,000	1,163,000	3,590,000	3,533,250
2034-2038	270,000	2,321,876	4,090,000	422,000	4,360,000	2,743,876
2039-2043	5,465,000	1,769,095	0	0	5,465,000	1,769,095
2044-2047	5,550,000	457,400	0	0	5,550,000	457,400
Total	$ 15,680,000	$ 12,241,824	$ 8,875,000	$ 4,982,534	$ 24,555,000	$ 17,224,358

Outstanding general obligation bonds are direct obligations of the School District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the School District and are being repaid from the bond retirement fund.

Compensated absences will be paid from the general fund and food service fund. Capital lease payable will be paid from the general fund.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

NOTE 13: CAPITALIZED LEASES

During fiscal year 2017, the School District entered into a new lease for copiers. During fiscal year 2016, the School District entered into a lease for a telephone system. The leases met the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the basic financial statements for the government funds.

These assets have been capitalized in the governmental capital assets in the amount of $147,019, the present value of the minimum lease payments at the inception of each lease. A corresponding liability was recorded in the *Statement of Net Position* and is reduced for each required principal payment. The amortization schedule is based upon the repayment of the entire authorized amount of the lease. Accumulated depreciation was $37,666 as of June 30, 2018, leaving a current book value of $109,353.

Capital lease payments will be reclassified and reflected as debt service expenditures on the fund financial statements for governmental funds. These expenditures are reflected as support services-administration and support services-operation and maintenance on the budgetary basis in the general fund.

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

		Copiers	Telephones	Total
Year ending June 30,	2019	$ 27,167	$ 24,792	$ 51,959
	2020	29,637	24,792	54,429
	2021	29,637	8,264	37,901
	2022	22,227	0	22,227
		108,668	57,848	166,516
Less amount representing interest		18,759	13,168	31,927
Present value of minimum lease payments		$ 89,909	$ 44,680	$ 134,589

NOTE 14: SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must by held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Capital Acquisition
Set-Aside Restricted Balance as of June 30, 2017	$ 0
Current Year Set-Aside Requirement	509,569
Current Year Qualifying Disbursements	(322,181)
Current Year Offsets	(362,672)
Totals	$ (175,284)
Balance Carried Forward to Fiscal Year 2019	$ 0
Set-Aside Restricted Balance as of June 30, 2018	$ 0

Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member school districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Education Service Agency, Debra Angelo, who serves as Treasurer, 2230 Sunset Boulevard, Suite 2, Steubenville, Ohio 43952. The School District paid $88,661 for services provided during fiscal year 2018.

B. Buckeye Joint Vocational School District (JVS)

The Buckeye Joint Vocational School District (JVS) is a jointly governed organization providing vocational services to its 11 school districts. The JVS is governed by a board of education comprised of eleven members appointed by the participating schools. The board of education controls the financial activity of the JVS and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the JVS is not dependent on the School District's continued participation and no measurable equity interest exists. During fiscal year 2018, the School District paid the JVS $50 for services provided to the School District.

C. Tuscarawas County Tax Incentive Review Council (TCTIRC)

TCTIRC is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 56 members, consisting of three members appointed by the County Commissioners, 22 members appointed by municipal corporations, 12 members appointed by township trustees, two members from the county auditor's office, 16 members appointed by boards of education located within the county, and one member representing the Economic Development and Finance Alliance. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2018, no monies were paid to the TCTIRC from the School District.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

NOTE 16: INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP)

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) which was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a five member Board of Directors. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 17: RELATED ORGANIZATION

Dover Public Library

The Dover Public Library (the "Library") is a related organization to the School District. The School District Board of Education members are responsible for appointing all the trustees of Dover Public Library; however, the School District Board of Education cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the School District. The School District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The School District paid $8,000 for services provided during fiscal year 2018.

NOTE 18: CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. School District Funding

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

NOTE 19: COMMITMENTS

A. Encumbrance Commitments

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

Fund	Amount
General	$ 552,590
Building	4,156,470
Classroom Facilities	35,239,414
Other Governmental	71,100
	$ 40,019,574

B. Contractual Commitments

As of June 30, 2018, the School District had the following contractual commitments:

	Contractual Commitment	Expended	Balance June 30, 2018
New High School:			
SHP Leading Design	$ 2,929,498	$ 1,718,912	$ 1,210,586
Hammond Construction	38,074,426	413,958	37,660,468
	$ 41,003,924	$ 2,132,870	$ 38,871,054

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

NOTE 20: FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Building	Classroom Facilities	Other Governmental Funds	Total
Nonspendable for:					
Prepaid Items	$ 24,239	$ 0	$ 0	$ 0	$ 24,239
Restricted for:					
Debt Service	0	0	0	683,076	683,076
Capital Outlay	0	8,252,034	23,025,444	402,094	31,679,572
Food Service	0	0	0	213,006	213,006
Special Education	0	0	0	373,770	373,770
Classroom Facilities Maintenance	0	0	0	290,596	290,596
Extracurricular Activities	0	0	0	220,000	220,000
Other Purposes	0	0	0	43,961	43,961
Total Restricted	0	8,252,034	23,025,444	2,226,503	33,503,981
Assigned for:					
Instruction	58,018	0	0	0	58,018
Support Services	440,637	0	0	0	440,637
Extracurricular	2,619	0	0	0	2,619
Capital Outlay	51,316	0	0	0	51,316
Subsequent Year Appropriations	1,977,269	0	0	0	1,977,269
Total Assigned	2,529,859	0	0	0	2,529,859
Unassigned	2,230,840	0	0	(109,575) *	2,121,265
Total Fund Balance	$ 4,784,938	$ 8,252,034	$ 23,025,444	$ 2,116,928	$ 38,179,344

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

Non-Major Special Revenue Funds:	*Deficit*
Title VI-B	$ 56,520
Title III	6,141
Title I	28,961
Preschool Grant	1,540
Improving Teacher Quality	4,561
Miscellaneous Federal Grants	11,852
	$ 109,575

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

NOTE 21: TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Dover and Franklin Township in Tuscarawas County entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the School District. Under the agreements, the School District property taxes were reduced by $74,864 during fiscal year 2018.

This page intentionally left blank.

Dover School District
Tuscarwaras County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)					
School District's Proportion of the Net Pension Liability	0.08093980%	0.08561370%	0.08499100%	0.08574500%	0.08574500%
School District's Proportionate Share of the Net Pension Liability	$ 4,835,974	$ 6,266,133	$ 4,849,669	$ 4,339,506	$ 5,098,980
School District's Covered Payroll	$ 2,684,371	$ 2,673,671	$ 2,931,222	$ 2,814,957	$ 3,074,299
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	180.15%	234.36%	165.45%	154.16%	165.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)					
School District's Proportion of the Net Pension Liability	0.11219644%	0.11295210%	0.11166560%	0.10982192%	0.10982192%
School District's Proportionate Share of the Net Pension Liability	$ 26,652,505	$ 37,808,473	$ 30,861,106	$ 26,712,492	$ 31,819,745
School District's Covered Payroll	$ 12,455,307	$ 12,020,571	$ 11,833,257	$ 11,563,315	$ 12,204,923
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	213.99%	314.53%	260.80%	231.01%	260.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Dover School District
Tuscarwaras County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 369,115	$ 375,812	$ 374,314	$ 386,335
Contributions in Relation to the Contractually Required Contribution	(369,115)	(375,812)	(374,314)	(386,335)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 2,734,185	$ 2,684,371	$ 2,673,671	$ 2,931,222
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 1,826,491	$ 1,743,743	$ 1,682,880	$ 1,656,656
Contributions in Relation to the Contractually Required Contribution	(1,826,491)	(1,743,743)	(1,682,880)	(1,656,656)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 13,046,364	$ 12,455,307	$ 12,020,571	$ 11,833,257
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

	2014	2013	2012	2011	2010	2009
	$ 390,153	$ 425,483	$ 367,418	$ 319,004	$ 363,942	$ 248,984
	(390,153)	(425,483)	(367,418)	(319,004)	(363,942)	(248,984)
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 2,814,957	$ 3,074,299	$ 2,731,732	$ 2,537,820	$ 2,687,903	$ 2,530,325
	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
	$ 1,503,231	$ 1,586,640	$ 1,495,297	$ 1,459,744	$ 1,363,184	$ 1,315,219
	(1,503,231)	(1,586,640)	(1,495,297)	(1,459,744)	(1,363,184)	(1,315,219)
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 11,563,315	$ 12,204,923	$ 11,502,285	$ 11,228,800	$ 10,486,031	$ 10,117,069
	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

This page intentionally left blank.

Dover City School District
Tuscarwaras County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years (1)

	2018	2017
School Employees Retirement System (SERS)		
School District's Proportion of the Net OPEB Liability	0.08221670%	0.08649030%
School District's Proportionate Share of the Net OPEB Liability	$ 2,206,480	$ 2,465,294
School District's Covered Payroll	$ 2,684,371	$ 2,673,671
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	82.20%	92.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
State Teachers Retirement System (STRS)		
School District's Proportion of the Net OPEB Liability	0.11219644%	0.11295210%
School District's Proportionate Share of the Net OPEB Liability	$ 4,377,491	$ 6,040,708
School District's Covered Payroll	$ 12,455,307	$ 12,020,571
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.15%	50.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year

See accompanying notes to the required supplementary information.

Dover City School District
Tuscarwaras County, Ohio
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 57,751	$ 45,187	$ 42,607	$ 65,226
Contributions in Relation to the Contractually Required Contribution	(57,751)	(45,187)	(42,607)	(65,226)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 2,734,185	$ 2,684,371	$ 2,673,671	$ 2,931,222
OPEB Contributions as a Percentage of Covered Payroll (1)	2.11%	1.68%	1.59%	2.23%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 13,046,364	$ 12,455,307	$ 12,020,571	$ 11,833,257
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2014	2013	2012	2011	2010	2009
$ 42,503	$ 36,901	$ 15,025	$ 36,291	$ 20,428	$ 105,262
(42,503)	(36,901)	(15,025)	(36,291)	(20,428)	(105,262)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 2,814,957	$ 3,074,299	$ 2,731,732	$ 2,537,820	$ 2,687,903	$ 2,530,325
1.51%	1.20%	0.55%	1.43%	0.76%	4.16%
$ 115,633	$ 122,049	$ 115,023	$ 112,288	$ 104,860	$ 101,171
(115,633)	(122,049)	(115,023)	(112,288)	(104,860)	(101,171)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 11,563,315	$ 12,204,923	$ 11,502,285	$ 11,228,800	$ 10,486,031	$ 10,117,069
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
  - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

Effective for fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Liability

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

This page intentionally left blank.

DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

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

FEDERAL GRANTOR ***Pass-Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	$51,965
Cash Assistance:			
School Breakfast Program	10.553	N/A	97,580
National School Lunch Program	10.555	N/A	392,615
Cash Assistance Subtotal			490,195
Total Child Nutrition Cluster			542,160
Total U.S. Department of Agriculture			542,160
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A160035	95,283
		S010A170035	296,417
Total Title I Grants to Local Educational Agencies			391,700
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A160111	83,343
		H027A170111	524,373
Total Special Education - Grants to States (IDEA, Part B)			607,716
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A160119	3,356
		H173A170119	10,508
Total Special Education - Preschool Grants (IDEA Preschool)			13,864
Total Special Education Cluster (IDEA)			621,580
Twenty-First Century Community Learning Centers	84.287	S287C160035	3,068
		S287C170035	200,000
Total Twenty-First Century Community Learning Centers			203,068
English Language Acquisition State Grants	84.365	S365A160035	3,257
		S365A170035	36,518
Total English Language Acquisition State Grants			39,775
Supporting Effective Instruction State Grants	84.367	S367A160034	17,121
		S637A170034	56,346
Total Supporting Effective Instruction State Grants			73,467
Student Support and Academic Enrichment (Title IV-A)	84.424	N/A	5,830
Total U.S. Department of Education			1,335,420
Total Expenditures of Federal Awards			**$1,877,580**

The accompanying notes are an integral part of this Schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

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

Dover City School District
Tuscarawas County
219 West Sixth Street
Dover, Ohio 44622

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 28, 2019, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2019

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

Dover City School District
Tuscarawas County
219 West Sixth Street
Dover, Ohio 44622

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2019

DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Title I Grants to Local Educational Agencies CFDA #84.010	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

DOVER CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 12, 2019

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370
www.ohioauditor.gov