PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
JUNE 30, 2018

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

INDEPENDENT AUDITOR'S REPORT

Perrysburg Exempted Village School District
Wood County
140 East Indiana Avenue
Perrysburg, Ohio 43551

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Perrysburg Exempted Village School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Perrysburg Exempted Village School District, Wood County, Ohio, as of June 30, 2018, and the respective changes in financial position 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 3 to the financial statements, during 2018, the 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 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 March 14, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

March 14, 2019

This page intentionally left blank.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

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

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- The District's net position of governmental activities increased $20,559,926 which represents a 51.05% increase from 2017's restated net position.

- General revenues accounted for $55,887,097 in revenue or 87.48% of all revenues. Program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for $8,001,236 or 12.52% of total revenues of $63,888,333.

- The District had $43,328,407 in expenses related to governmental activities; only $8,001,236 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $55,887,097 were adequate to provide for these programs.

- The District's major governmental fund is the general fund. The general fund had $54,509,881 in revenues and $57,838,572 in expenditures and other financing sources. During fiscal 2018, the general fund's fund balance decreased $3,328,691 from $13,852,850 to $10,524,159.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, operation of non-instructional services, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major fund is the general fund.

Governmental Funds

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

Proprietary Funds

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides dental benefits to employees.

Fiduciary Funds

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

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2018 and June 30, 2017. Net position at June 30, 2017 has been restated as described in Note 3.A.

THIS SECTION IS INTENTIONALLY LEFT BLANK

Net Position

	Governmental Activities 2018	Restated Governmental Activities 2017
Assets		
Current and other assets	$ 51,959,248	$ 63,303,962
Capital assets, net	84,738,748	81,284,261
Total assets	136,697,996	144,588,223
Deferred outflows of resources		
Unamortized deferred charges on debt refunding	244,023	282,868
Pensions	23,471,572	18,479,035
OPEB	1,020,792	106,268
Total deferred outflows of resources	24,736,387	18,868,171
Liabilities		
Current liabilities	9,886,635	10,668,616
Long-term liabilities:		
Due within one year	3,016,975	2,651,020
Due in more than one year:		
Net pension liability	64,383,828	85,978,509
Net OPEB liability	13,979,503	17,101,221
Other amounts	61,461,151	63,577,581
Total liabilities	152,728,092	179,976,947
Deferred inflows of resources		
Property taxes levied for next fiscal year	24,376,289	23,540,747
Payment in lieu of taxes levied for next fiscal year	204,596	215,304
Pensions	2,240,419	-
OPEB	1,601,665	-
Total deferred inflows of resources	28,422,969	23,756,051
Net position		
Net investment in capital assets	23,878,023	22,743,816
Restricted	4,272,417	6,851,410
Unrestricted (deficit)	(47,867,118)	(69,871,830)
Total net position (deficit)	$ (19,716,678)	$ (40,276,604)

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

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

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

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

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

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

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

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

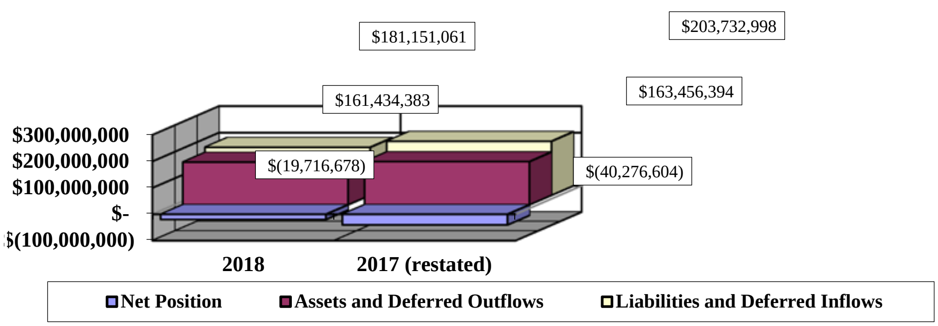
As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from a deficit of $23,281,651 to a deficit of $40,276,604.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $19,716,678. Of this total, $4,272,417 is restricted in use.

At year-end, capital assets represented 61.99% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2018, was $23,878,023. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $4,272,417, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of $47,867,118.

The graph below illustrates the District's governmental activities assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and net position at June 30, 2018 and 2017. Net position at June 30, 2017 has been restated as described in Note 3.A.



THIS SECTION IS INTENTIONALLY LEFT BLANK

The table below shows the changes in net position for governmental activities between 2018 and 2017.

Change in Net Position

	Governmental Activities 2018	Restated Governmental Activities 2017
Revenues		
Program revenues:		
Charges for services and sales	$ 4,066,894	$ 3,630,815
Operating grants and contributions	3,746,315	3,607,852
Capital grants and contributions	188,027	330,526
General revenues:		
Property taxes	33,356,806	40,425,068
Income taxes	7,208,955	6,607,494
Grants and entitlements	14,582,537	14,110,450
Payments in lieu of taxes	527,389	605,025
Investment earnings	102,465	234,857
Miscellaneous	108,945	164,745
Total revenues	63,888,333	69,716,832
Expenses		
Program expenses:		
Instruction:		
Regular	17,237,585	29,640,909
Special	6,233,893	6,085,624
Vocational	86,915	119,801
Support services:		
Pupil	2,468,792	5,915,938
Instructional staff	597,124	1,143,023
Board of education	100,572	60,536
Administration	3,124,010	4,590,735
Fiscal	948,411	1,145,339
Business	136,608	51,129
Operations and maintenance	4,748,152	4,986,233
Pupil transportation	1,373,297	2,062,644
Central	1,317,705	1,405,985
Operations of non-instructional services		
Food service operations	1,370,541	1,761,571
Other non-instructional services	307,687	318,069
Extracurricular activities	1,267,830	1,965,397
Interest and fiscal charges	2,009,285	2,203,830
Total expenses	43,328,407	63,456,763
Change in net position	20,559,926	6,260,069
Net position (deficit) at beginning of year, Restated	(40,276,604)	N/A
Net position (deficit) at end of year	$ (19,716,678)	$ (40,276,604)

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 $106,268 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $2,267,975. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$ 43,328,407
Negative OPEB expense under GASB 75	2,267,975
2018 contractually required contributions	166,602
Adjusted 2018 program expenses	45,762,984
Total 2017 program expenses under GASB 45	63,456,763
Decrease in program expenses not related to OPEB	$ (17,693,779)

Overall, expenses of the governmental activities decreased $20,128,356 or 31.72%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported ($19,373,356) in pension expense and ($2,267,975) in OPEB expense mainly due to these benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities. To assess fluctuations in program expenses, the increase or decrease in pension expense should be factored into the analysis. Pension expense, by function, for 2018 and 2017 follows:

	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Program expenses:			
Instruction:			
Regular	$ (10,394,389)	$ 4,481,706	$ (14,876,095)
Special	(1,894,537)	689,530	(2,584,067)
Vocational	(49,169)	22,011	(27,158)
Support services:			
Pupil	(1,677,630)	690,771	(2,368,401)
Instructional staff	(296,429)	154,418	(450,847)
Administration	(1,646,698)	663,845	(2,310,543)
Fiscal	(216,908)	90,953	(307,861)
Business	(14,125)	6,316	(20,441)
Operations and maintenance	(1,274,952)	496,755	(1,771,707)
Pupil transportation	(754,182)	293,804	(1,047,986)
Central	(326,169)	124,543	(450,712)
Operation of non-instructional services:			
Food service operations	(370,282)	161,417	(531,699)
Other non-instructional services	(2,766)	1,367	(4,133)
Extracurricular activities	(455,120)	202,553	(657,673)
Total	$ (19,373,356)	$ 8,079,989	$ (27,409,323)

Governmental Activities

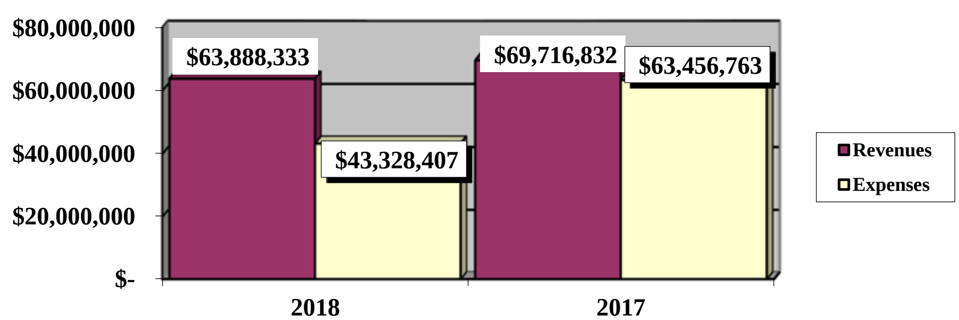
Net position of the District's governmental activities increased $20,559,926. Total governmental expenses of $43,328,407 were offset by program revenues of $8,001,236 and general revenues of $55,887,097. Program revenues supported 18.47% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, grants and entitlements and payments in lieu of taxes. These four sources of revenue total $55,675,687 and represent 87.15% of total governmental revenue. Real estate property is reappraised every six years.

The District saw a decrease in property tax revenue of approximately $7.1 million from 2017. The decrease in property taxes is due to the decrease in the amount collected by the County Auditor and available as advance at fiscal year-end. The amount collected and available as advance for the fiscal year end June 30, 2018 and June 30, 2017 was $8,838,569 and $10,442,407, respectively. The amount also increased $6,457,697 from fiscal year 2016 to fiscal year 2017. The amount collected and available for advance can vary depending upon when tax bills are sent.

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

Governmental Activities - Revenues and Expenses



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

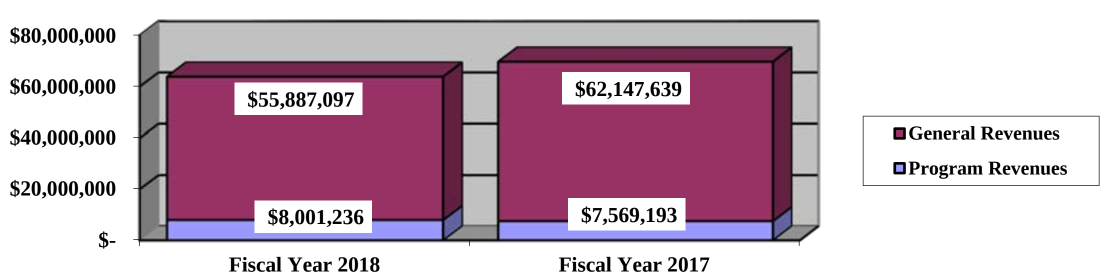
THIS SPACE IS INTENTIONALLY LEFT BLANK

	Governmental Activities			
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses:				
Instruction:				
Regular	$ 17,237,585	$ 15,922,745	$ 29,640,909	$ 28,604,515
Special	6,233,893	3,468,486	6,085,624	3,496,693
Vocational	86,915	(14,890)	119,801	89,960
Support services:				
Pupil	2,468,792	2,391,307	5,915,938	5,840,999
Instructional staff	597,124	510,043	1,143,023	1,052,825
Board of Education	100,572	100,572	60,536	60,536
Administration	3,124,010	3,116,522	4,590,735	4,583,597
Fiscal	948,411	948,411	1,145,339	1,142,939
Business	136,608	136,608	51,129	51,129
Operations and maintenance	4,748,152	4,503,049	4,986,233	4,869,894
Pupil transportation	1,373,297	1,315,286	2,062,644	1,970,420
Central	1,317,705	1,155,168	1,405,985	1,234,655
Operation of non-instructional services:				
Food service operations	1,370,541	(373,784)	1,761,571	43,316
Other non-instructional services	307,687	(8,627)	318,069	(35,756)
Extracurricular activities	1,267,830	146,990	1,965,397	678,018
Interest and fiscal charges	2,009,285	2,009,285	2,203,830	2,203,830
Total expenses	$ 43,328,407	$ 35,327,171	$ 63,456,763	$ 55,887,570

The dependence upon tax and other general revenues for governmental activities is apparent as 82.25% of instruction activities, which total $23,558,393, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.53%.

The graph below presents the District's general and program revenues for fiscal years 2018 and 2017.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $14,733,959, which is less than last year's total of $25,334,098. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Change
General	$ 10,524,159	$ 13,852,850	$ (3,328,691)
Other governmental	4,209,800	11,481,248	(7,271,448)
Total	$ 14,733,959	$ 25,334,098	$ (10,600,139)

General Fund

The District's general fund balance decreased $3,328,691. The schedule below provides detail on the revenues and expenditures of the general fund for fiscal years 2018 and 2017.

	2018 Amount	2017 Amount	Percentage Change
Revenues			
Taxes	$ 36,120,014	$ 40,861,503	(11.60) %
Tuition	1,056,547	811,154	30.25 %
Earnings on investments	94,614	53,752	76.02 %
Intergovernmental	15,804,326	15,102,348	4.65 %
Other revenues	1,434,380	1,226,232	16.97 %
Total	$ 54,509,881	$ 58,054,989	(6.11) %

	2018 Amount	2017 Amount	Percentage Change
Expenditures			
Instruction	$ 35,549,382	$ 30,323,596	17.23 %
Support services	20,037,325	18,837,831	6.37 %
Operation of non-instructional services	5,805	4,894	18.61 %
Extracurricular activities	1,199,671	1,131,534	6.02 %
Facilities acquisition and construction	73,190	356,449	(79.47) %
Debt service	784,413	786,014	(0.20) %
Total	$ 57,649,786	$ 51,440,318	12.07 %

Revenues of the general fund decreased approximately $3.55 million compared to fiscal year 2017. This is due to the decrease in taxes revenue. The decrease in property taxes is due to the increase in the amount collected by the County Auditor and available as advance at fiscal year-end. The amount collected and available for advance can vary depending upon when tax bills are sent.

Expenditures in the general fund increased approximately $6.21 million from fiscal year 2017. This is primarily due to increasing enrollment resulting in more personnel and wage and benefit increases for existing employees.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the original budgeted revenues and other financing sources were $49,947,937. Final budgeted revenues and other financing sources were increased $1,021,391 from the original budget. Actual revenues and other financing sources for fiscal year 2018 were $55,464,962. Actual revenues and other financing sources were $4,495,634 more than final budgeted revenues. This is due to the District's conservative budgeting policy.

General fund original appropriations (appropriated expenditures plus other financing uses) of $52,018,063 were increased to $57,518,063 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled $56,970,568, which was $547,495 less than the final budget appropriations.

Debt Administration and Capital Assets

Debt Administration

At June 30, 2018, the District had $52,530,000 in general obligation bonds, $3,036,106 in energy conservation notes, $1,746,446 in lease purchase obligations and $74,000 in OASBO notes payable. Of this total, $2,683,088 is due within one year and $54,703,464 is due in greater than one year.

The following table summarizes the bonds, notes and lease obligations outstanding at June 30, 2018 and 2017.

Outstanding Debt, at Year End

	Governmental Activities 2018	Governmental Activities 2017
General obligation bonds	$ 52,530,000	$ 54,283,638
Energy conservation note	3,036,106	3,278,058
Lease-purchase agreement	1,746,446	1,225,000
OASBO note payable	74,000	145,000
Total	$ 57,386,552	$ 58,931,696

At June 30, 2018, the District's overall legal debt margin was $32,767,271 with an unvoted debt margin of $927,810.

See Note 10 to the basic financial statements for further detail on the District's long-term obligations.

Capital Assets

At the end of fiscal 2018, the District had $84,738,748 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2018 balances compared to 2017:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	$ 4,370,152	$ 4,370,152
Construction in progress	880,964	29,156,016
Land improvements	2,437,760	2,737,411
Building and improvements	73,312,480	42,528,022
Furniture and equipment	2,191,149	1,802,555
Vehicles	1,546,243	690,105
Total	$ 84,738,748	$ 81,284,261

Net additions to capital assets for 2018 were $8,378,564. Depreciation recorded for the fiscal year totaled $4,924,077.

The overall increase in capital assets of $3,454,487 is due to current year additions exceeding depreciation expense.

See Note 9 to the basic financial statements for further details on the District's capital assets.

Economic Conditions and Outlook

The District have experienced the effects of an economic turn-around over the past several years. We continue to see signs of continuous economic growth throughout the District. Commercial and residential development continues. A District that traditionally prospers from the effects of residential and commercial real estate growth and a continuous increased income tax stream has seen these resources continue to grow but at the same time, create economic challenges for the District.

The District is comprised of approximately 41 square miles in the north central portion of Wood County (the "County"), and is bordered on the north by the Maumee River. Residential construction has resulted in significant growth in the population of the District during the past several years, and this growth is expected to continue into the foreseeable future. The City of Perrysburg (the "City") is an attractive municipality and is proud of its heritage. Although some residential development is occurring within the City boundaries, the majority of the current development is primarily in the southwest quadrant of the District, within Perrysburg and Middleton Townships.

Development is primarily residential, although some limited retail and light manufacturing construction has occurred. The District is located in a reasonably good agricultural area, although agriculture is no longer a major contributor to the City or to the District. The City and the greater Toledo metropolitan area provide residents with many retail, commercial and light industrial advantages associated with small cities. Residents have the availability of a variety of shopping, entertainment and dining venues, as well as a steady mix of employment options. The District continues to play a vital role as a center of the community, and a sense of pride is evident within the District and throughout the community. The availability of new housing and transportation routes make the area attractive to families moving to this Northwest Ohio area. Those moving into the area have the advantages of the larger city conveniences and services while retaining the positives associated with the smaller, community-oriented environment. There has been a decline in some of the major manufacturing and distribution companies in the nearby Toledo metropolitan area, but several opportunities still exist. These provide employment possibilities, major shopping areas, recreation and medical services.

The District operates four K-4 elementary school buildings, one 5-6 intermediate school, one 7-8 junior high school, and one 9-12 high school and is in the process of opening a new school building for grades 5-6 in fiscal year 2018. The District continues to maintain the Commodore Building that is located in the central portion of the City, and that currently houses the central administration. Original construction dates for these school buildings range from 1894 to 2017, and most of the buildings have had one or more major additions. In general, the buildings have been well maintained; yet, changes in program requirements and the inflexibility of several of the buildings present limitations for the delivery of the instructional programs. The Commodore Building continues to be renovated for administrative offices. The building is home to not only the District's administrative personnel but is host to a number of professional development programs for education personnel across Northwest Ohio.

The District community is changing. A different set of expectations for the schools comes with these changes. As new residents arrive and local conditions are altered, different work requirements and family expectations follow. The changing nature of agribusiness, manufacturing and service industries with new applications from technology creates the need for different skills for managers and workers. As residents are exposed to these changes in their home, business and work, they develop expectations for the schools that are different from those that have influenced the District in the past. Preparation to work in the information society is quite different from that required in the agriculture or industrial societies of the past. New and compelling research findings about both curriculum and A-1 instruction are finding their way into classrooms. All of these changes have potential for impact on teachers and teaching, as well as on school facilities and instructional materials.

The District is an independent political subdivision of the State of Ohio and operates subject to the provisions of the Ohio Constitution and various sections of the Revised Code. Under such laws, there is no authority for the District to have a charter or adopt local laws. The District is neither a part of, nor under the control of, the City. The territory of the District is considerably larger than the territory of the City.

Historically, real estate values throughout the District, have increased at an average rate of almost two (1.77%) percent over the past ten years, in a non-triennial update or reappraisal year. The District has seen steady increases in the overall valuation since the 2011 reappraisal. Agricultural values have been adjusted on several occasions throughout the State to reflect more accurate CAUV (Current Agricultural Land Use Values) values. Voters renewed the incremental levy, originally approved by the community in 2004, in November of 2016. Currently the levy is collecting 16 mills. The District's income tax collection continues to be a valuable resource

The District continues to implement very aggressive measures to balance the budget and provide some financial stability. As the District moves forward into fiscal year 2018, the staff and administration continue to look at future growth throughout the community and the challenges that overcrowding presents. Reliance on the State of Ohio for financial support continues to be a huge question. Perrysburg residents have been very supportive of the District. The local community has replaced a large portion of the funding that state has taken away over the past several years with the approval of a previous incremental levy as a continuous levy in 2016.

The District's expenditure levels continue to be reviewed and closely monitored. The administration has managed to control the growth of expenditures levels. A more structured budgeting process has been developed and implemented. Board committees continue to be utilized in terms of the approval and implementation of various District programs and the costs associated with those programs. Retirements and the replacement of a more experienced work force with a new staff has also kept expenditure levels at higher than anticipated levels. This will continue to be a primary focus as we move into future years.

Instructional programs and curriculum adoptions have and will continue to be a primary focus of the District's administrative team. The District added an assistant director of teaching and learning to assist in some of the initiatives that have begun. The District implemented a one to one technology initiative in 2013-14 where students received laptop computers that are utilized in the instructional delivery and practice. Curriculum adoptions were placed on hold for several years due to financial restraints but schedules have been adopted to revisit and update courses of study. As the District continues to move forward with these curriculum updates and new technology initiatives, financial planning has become an integral part of this process. Costs for services for students with special needs continue to rise. This is such an uncontrollable cost. Court placed students with disabilities have a drastic impact on District finances. The District reviews these services on an annual basis to review their effectiveness for services and costs.

The District continues to grow in all aspects of economic development. Housing starts continue to rise and the District's enrollment continues to escalate. Portable classrooms were purchased and installed at two elementary buildings in the District in the summer of 2013 to address the overcrowding issue. The District has opened a new intermediate school built on an eighteen (18) acre parcel of land at the corner of Hull Prairie and Roachton Roads, located in the southwest corner of the District. This will remove the fifth grade from the elementary building and the sixth grade from the current junior high and allow some additional growth to occur. New subdivisions are platted and building continues throughout the District. Several apartment complexes have added students to already maximum building capacities.

Several tax abatements were negotiated over the last year with new companies and existing companies expanding operations throughout the District. It is evident that the economy has had its effect on the ability for companies to build and expand like they have in the past but the activity is beginning to accelerate once again.

We are extremely pleased with the direction the District has taken financially, instructionally and structurally.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Pam Harrington, Treasurer, at Perrysburg Exempted Village School District, 140 E. Indiana Ave., Perrysburg, Ohio 43551.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2018

		Governmental Activities
Assets:		
Equity in pooled cash and investments	$	14,635,641
Receivables:		
Property taxes		33,277,434
Income taxes		3,207,381
Payment in lieu of taxes		294,596
Accounts		66,984
Accrued interest		33,889
Intergovernmental		361,798
Prepayments		60,843
Materials and supplies inventory		4,406
Inventory held for resale		16,276
Capital assets:		
Nondepreciable capital assets		5,251,116
Depreciable capital assets, net		79,487,632
Capital assets, net		84,738,748
Total assets		136,697,996
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding		244,023
Pension		23,471,572
OPEB		1,020,792
Total deferred outflows of resources		24,736,387
Liabilities:		
Accounts payable		322,177
Contracts payable		601,894
Accrued wages and benefits		6,294,846
Intergovernmental payable		219,770
Pension and postemployment benefits payable		1,028,976
Accrued interest payable		223,459
Unearned revenue		268,213
Claims payable		927,300
Long-term liabilities:		
Due within one year		3,016,975
Due in more than one year:		
Net pension liability		64,383,828
Net OPEB liability		13,979,503
Other amounts due in more than one year		61,461,151
Total liabilities		152,728,092
Deferred inflows of resources:		
Property taxes levied for the next fiscal year		24,376,289
Payment in lieu of taxes levied for the next fiscal year		204,596
Pension		2,240,419
OPEB		1,601,665
Total deferred inflows of resources		28,422,969
Net position:		
Net investment in capital assets		23,878,023
Restricted for:		
Capital projects		1,417,850
Debt service		1,624,525
Locally funded programs		45,741
State funded programs		86,906
Federally funded programs		32,475
Food service		384,165
Student activities		455,086
Other purposes		225,669
Unrestricted (deficit)		(47,867,118)
Total net position (deficit)	$	(19,716,678)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD 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 and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	$ 17,237,585	$ 1,178,671	$ 136,169	$ -	$ (15,922,745)
Special	6,233,893	291,190	2,474,217	-	(3,468,486)
Vocational	86,915	-	101,805	-	14,890
Support services:					
Pupil	2,468,792	8,645	68,840	-	(2,391,307)
Instructional staff	597,124	306	86,775	-	(510,043)
Board of education	100,572	-	-	-	(100,572)
Administration	3,124,010	-	7,488	-	(3,116,522)
Fiscal	948,411	-	-	-	(948,411)
Business	136,608	-	-	-	(136,608)
Operations and maintenance	4,748,152	240,327	4,776	-	(4,503,049)
Pupil transportation	1,373,297	11,368	46,643	-	(1,315,286)
Central	1,317,705	151,737	10,800	-	(1,155,168)
Operation of non-instructional services:					
Food service operations	1,370,541	1,299,177	445,148	-	373,784
Other non-instructional services	307,687	-	316,314	-	8,627
Extracurricular activities	1,267,830	885,473	47,340	188,027	(146,990)
Interest and fiscal charges	2,009,285	-	-	-	(2,009,285)
Total governmental activities	$ 43,328,407	$ 4,066,894	$ 3,746,315	$ 188,027	(35,327,171)
		General revenues:			
		Property taxes levied for:			
		General purposes			28,981,208
		Debt service			2,610,306
		Capital outlay			1,765,292
		Payments in lieu of taxes			527,389
		Income taxes levied for:			
		General purposes			7,208,955
		Grants and entitlements not restricted to specific programs			14,582,537
		Investment earnings			102,465
		Miscellaneous			108,945
		Total general revenues			55,887,097
		Change in net position			20,559,926
		Net position (deficit) at beginning of year, Restated			(40,276,604)
		Net position (deficit) at end of year			$ (19,716,678)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and investments	$ 7,591,893	$ 3,892,414	$ 11,484,307
Receivables:			
Property taxes	29,094,396	4,183,038	33,277,434
Income taxes	3,207,381	-	3,207,381
Payment in lieu of taxes	-	294,596	294,596
Accounts	643	66,341	66,984
Accrued interest	33,889	-	33,889
Intergovernmental	124,819	236,979	361,798
Prepayments	58,188	2,655	60,843
Materials and supplies inventory	-	4,406	4,406
Inventory held for resale	-	16,276	16,276
Due from other funds	60,205	-	60,205
Restricted assets:			
Equity in pooled cash			
and investments	1,270	-	1,270
Total assets	$ 40,172,684	$ 8,696,705	$ 48,869,389
Liabilities:			
Accounts payable	$ 231,951	$ 90,226	$ 322,177
Contracts payable	-	601,894	601,894
Accrued wages and benefits	6,031,608	263,238	6,294,846
Compensated absences payable	39,567	-	39,567
Intergovernmental payable	216,440	3,330	219,770
Pension and postemployment benefits payable	918,027	110,949	1,028,976
Due to other funds	-	60,205	60,205
Unearned revenue	268,213	-	268,213
Total liabilities	7,705,806	1,129,842	8,835,648
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	21,369,549	3,006,740	24,376,289
Payment in lieu of taxes levied for the next fiscal year.	-	204,596	204,596
Delinquent property tax revenue not available	54,607	7,969	62,576
Income tax revenue not available	518,563	-	518,563
Intergovernmental revenue not available	-	122,758	122,758
Delinquent payments in lieu of taxes not available	-	15,000	15,000
Total deferred inflows of resources	21,942,719	3,357,063	25,299,782
Fund balances:			
Nonspendable	58,188	7,061	65,249
Restricted	1,270	3,929,059	3,930,329
Committed	11,000	391,296	402,296
Assigned	10,453,701	-	10,453,701
Unassigned (deficit)	-	(117,616)	(117,616)
Total fund balances	10,524,159	4,209,800	14,733,959
Total liabilities, deferred inflows and fund balances	$ 40,172,684	$ 8,696,705	$ 48,869,389

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

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

Total governmental fund balances		$ 14,733,959
Amounts reported for governmental activities on 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.		84,738,748
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 62,576	
Income taxes receivable	518,563	
Payment in lieu of taxes receivable	15,000	
Intergovernmental receivable	122,758	
Total		718,897
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		2,222,764
Unamortized premiums on bonds issued are not recognized in the funds.		(3,116,302)
Unamortized amounts on refundings are not recognized in the funds.		244,023
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(223,459)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	23,471,572	
Deferred inflows - pension	(2,240,419)	
Net pension liability	(64,383,828)	
Deferred outflows - OPEB	1,020,792	
Deferred inflows - OPEB	(1,601,665)	
Net OPEB liability	(13,979,503)	
Total		(57,713,051)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(52,530,000)	
Lease purchase obligations	(1,746,446)	
Compensated absences	(3,935,705)	
OASBO note payable	(74,000)	
Energy conservation note	(3,036,106)	
Total		(61,322,257)
Net position (deficit) of governmental activities		$ (19,716,678)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 28,990,665	$ 4,379,534	$ 33,370,199
Income taxes	7,129,349	-	7,129,349
Payment in lieu of taxes	226,168	301,221	527,389
Tuition	1,056,547	6,425	1,062,972
Earnings on investments	94,614	59,912	154,526
Charges for services	-	1,299,177	1,299,177
Extracurricular	244,533	573,327	817,860
Classroom materials and fees	256,220	-	256,220
Other local revenues	707,459	334,341	1,041,800
Intergovernmental - intermediate	-	2,751	2,751
Intergovernmental - state	15,804,326	900,899	16,705,225
Intergovernmental - federal	-	1,461,921	1,461,921
Total revenues	54,509,881	9,319,508	63,829,389
Expenditures:			
Current:			
Instruction:			
Regular	28,022,614	901,420	28,924,034
Special	7,373,370	951,359	8,324,729
Vocational	153,398	-	153,398
Support services:			
Pupil	4,218,954	76,039	4,294,993
Instructional staff	838,824	83,034	921,858
Board of education	100,572	-	100,572
Administration	4,780,740	7,263	4,788,003
Fiscal	1,153,734	50,753	1,204,487
Business	65,387	-	65,387
Operations and maintenance	5,253,003	4,633	5,257,636
Pupil transportation	2,292,743	4,122	2,296,865
Central	1,333,368	345,271	1,678,639
Operation of non-instructional services			
Food service operations	-	1,759,461	1,759,461
Other non-instructional services	5,805	305,050	310,855
Extracurricular activities	1,199,671	586,730	1,786,401
Facilities acquisition and construction	73,190	7,618,402	7,691,592
Capital outlay	-	1,060,807	1,060,807
Debt service:			
Principal retirement	642,952	1,848,316	2,491,268
Interest and fiscal charges	141,461	2,118,744	2,260,205
Accretion on capital appreciation bonds	-	131,045	131,045
Total expenditures	57,649,786	17,852,449	75,502,235
Excess of expenditures over revenues	(3,139,905)	(8,532,941)	(11,672,846)
Other financing sources (uses):			
Sale of capital assets	-	11,900	11,900
Transfers in	-	827,547	827,547
Transfers (out)	(188,786)	(638,761)	(827,547)
Lease purchase agreement	-	1,060,807	1,060,807
Total other financing sources (uses)	(188,786)	1,261,493	1,072,707
Net change in fund balances	(3,328,691)	(7,271,448)	(10,600,139)
Fund balances at beginning of year	13,852,850	11,481,248	25,334,098
Fund balances at end of year	$ 10,524,159	$ 4,209,800	$ 14,733,959

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD 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		$ (10,600,139)
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	$ 8,378,564	
Current year depreciation	(4,924,077)	
Total		3,454,487
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(13,393)	
Income taxes	79,606	
Intergovernmental	(19,169)	
Total		47,044
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds	1,590,000	
Capital appreciation bonds	48,955	
Accreted interest on capital appreciation bonds	131,045	
Lease purchase agreements	539,361	
OASBO note	71,000	
Energy conservation note	241,952	
Total		2,622,313
Issuance of lease purchase agreements are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(1,060,807)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	4,973,443	
OPEB	166,602	
Total		5,140,045
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities		
Pension	19,373,356	
OPEB	2,267,975	
Total		21,641,331

- - Continued

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

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

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	$ (16,568)	
Accreted interest on capital appreciation bonds	(16,362)	
Amortization of bond premiums	322,695	
Amortization of deferred charges	(38,845)	
Total		$ 250,920
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(155,573)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(779,695)
Change in net position of governmental activities		$ 20,559,926

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 27,077,780	$ 27,631,497	$ 30,068,670	$ 2,437,173
Income taxes	6,192,480	6,319,111	6,876,474	557,363
Payment in lieu of taxes	203,671	207,836	226,168	18,332
Tuition	1,055,750	1,077,338	1,172,362	95,024
Earnings on investments	143,458	146,392	159,304	12,912
Extracurricular	83,411	85,117	92,625	7,508
Other local revenues	422,294	430,930	468,939	38,009
Intergovernmental - state	14,291,175	14,583,416	15,869,713	1,286,297
Total revenues	49,470,019	50,481,637	54,934,255	4,452,618
Expenditures:				
Current:				
Instruction:				
Regular	25,195,846	27,859,866	27,594,677	265,189
Special	6,668,858	7,373,973	7,303,783	70,190
Vocational	139,175	153,891	152,426	1,465
Support services:				
Pupil	3,760,897	4,158,546	4,118,962	39,584
Instructional staff	801,189	885,901	877,468	8,433
Board of education	102,679	113,536	112,455	1,081
Administration	4,434,717	4,903,611	4,856,935	46,676
Fiscal	1,056,457	1,168,158	1,157,039	11,119
Business	59,870	66,200	65,570	630
Operations and maintenance	4,824,027	5,334,083	5,283,310	50,773
Pupil transportation	2,061,894	2,279,904	2,258,202	21,702
Central	1,067,638	1,180,522	1,169,285	11,237
Other non-instructional services	5,299	5,860	5,804	56
Extracurricular activities	902,921	998,389	988,886	9,503
Facilities acquisition and construction	47,997	53,072	52,567	505
Debt service:				
Principal retirement	587,060	649,131	642,952	6,179
Interest and fiscal charges	129,164	142,820	141,461	1,359
Total expenditures	51,845,688	57,327,463	56,781,782	545,681
Excess of expenditures over revenues	(2,375,669)	(6,845,826)	(1,847,527)	4,998,299
Other financing sources (uses):				
Refund of prior year's expenditures	27,653	28,218	30,707	2,489
Transfers (out)	(172,375)	(190,600)	(188,786)	1,814
Advances in	450,265	459,473	500,000	40,527
Total other financing sources (uses)	305,543	297,091	341,921	44,830
Net change in fund balance	(2,070,126)	(6,548,735)	(1,505,606)	5,043,129
Fund balance at beginning of year	7,873,920	7,873,920	7,873,920	-
Prior year encumbrances appropriated	552,627	552,627	552,627	-
Fund balance at end of year	$ 6,356,421	$ 1,877,812	$ 6,920,941	$ 5,043,129

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and investments	$ 3,150,064
Total assets.	3,150,064
Liabilities:	
Claims payable	927,300
Total liabilities	927,300
Net position:	
Unrestricted.	2,222,764
Total net position.	$ 2,222,764

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

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

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	$ 8,596,661
Total operating revenues	8,596,661
Operating expenses:	
Purchased services.	683,877
Claims	8,692,479
Total operating expenses.	9,376,356
Change in net position	(779,695)
Net position at beginning of year.	3,002,459
Net position at end of year	$ 2,222,764

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD 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 charges for services.	$ 8,596,661
Cash payments for purchased services	(684,545)
Cash payments for claims	(8,519,417)
Net cash used in operating activities	(607,301)
Cash and investments at beginning of year	3,757,365
Cash and investments at end of year	$ 3,150,064
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (779,695)
Changes in assets and liabilities:	
Decrease in accounts payable	(668)
Increase in claims payable	173,062
Net cash used in operating activities.	$ (607,301)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash and investments	$ 264,258	$ 106,398
Prepayments	-	5
Total assets	264,258	$ 106,403
Liabilities:		
Accounts payable	-	$ 412
Due to students	-	105,991
Total liabilities	-	$ 106,403
Net position:		
Held in trust for scholarships	264,258	
Total liabilities and net position	$ 264,258	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

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

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	$ 409
Gifts and contributions.	4,806
Total additions.	5,215
Deductions:	
Scholarships awarded	10,779
Change in net position	(5,564)
Net position at beginning of year.	269,822
Net position at end of year	$ 264,258

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Perrysburg Exempted Village School District (the "District") is located in Wood County in northwest Ohio.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

It currently operates 4 elementary schools, 1 intermediate school, 1 junior high school, and 1 comprehensive high school. The District employs 28 administrators, 209 non-certified and 354 certified full-time and part-time employees to provide services to approximately 5,114 students and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)
The NOECA is a jointly governed organization among 41 area school districts and service centers. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts and service centers. Each of the governments of these schools supports the NOECA based upon a per pupil charge, dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating district and a representative from the fiscal agent. The NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating districts are located. Each district's authority is limited to its representation on the Board. Financial information can be obtained by contacting Matt Bauer, Treasurer for the North Point Education Service Center, who serves as fiscal agent at 7918 Milan Road, Sandusky, Ohio 44870.

Penta Career Center
The Penta Career Center (the "Center") is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. Financial information can be obtained from the Penta County Career Center, Carrie Herringshaw, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio 43551.

B. Fund Accounting

The 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. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

The following is the District's major governmental fund:

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

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

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

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 7).

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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

See Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OEPB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Wood County Budget Commission for rate determination. The Wood County Budget Commission waived the tax budget filing requirement for fiscal year 2018.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund level which is the legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

F. Cash and Investments

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

During fiscal year 2018, investments were limited to federal agency securities, U.S. Government money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the District. The 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 a NAV per share that approximates fair value.

For the fiscal year 2018, there were no limitation 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.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or 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 $94,614, which includes $45,933 assigned from other District funds.

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

An analysis of the District’s investment account at fiscal year-end is provided in Note 4.

G. Inventory

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

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

H. Prepaids

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

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The District maintains a capitalization threshold of $2,500 for its capital assets. In addition, a capital asset must have an estimated useful life greater than one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their acquisition values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

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

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 10 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from cash deficits among the governmental activities are classified as amounts "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

K. Compensated Absences

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

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

For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any employee with fifteen years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, is paid in a timely manner and, in full from current financial resources is reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. 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. Bonds, leases and notes are recognized as a liability on the fund financial statements when due.

M. Fund Balance

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

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

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

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

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

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

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

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

N. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts for school bus purchases. See Note 18 for details.

O. Net Position

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

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

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Q. Parochial School

The St. Rose School, a parochial school located within the District boundaries operated through the Toledo Catholic Archdiocese. Current State legislation provides funding to this parochial school, which is received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The administration of the State monies by the District is reflected in a special revenue fund for financial reporting purposes.

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

R. Unamortized Bond Premium and Deferred Charges on Refunding

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

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

S. Extraordinary and Special Items

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

T. Interfund Activity

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

Interfund activities between governmental funds are eliminated in the statement of activities.

U. Pensions/Other Postemployment Benefits (OPEB)

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

V. Fair Market Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

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

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the District's postemployment benefit plan disclosures, as presented in Note 15 to the basic financial statements, and added required supplementary information.

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

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

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

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

	Governmental Activities
Net position as previously reported	$ (23,281,651)
Deferred outflows - payments subsequent to measurement date	106,268
Net OPEB liability	(17,101,221)
Restated net position at July 1, 2017	$ (40,276,604)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

Nonmajor funds	Deficit
Miscellaneous state grants	$ 2,400
Title VI-B	99,071
Title I	13,336
Improving teacher quality	1,409

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

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

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

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

A. Cash on Hand

At fiscal year end, the District had $24,000 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all District deposits was $5,506,802. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2018, $5,544,935 of the District's bank balance of $6,047,860 was exposed to custodial risk as discussed below, while $502,925 was covered by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

		Investment maturities			
Measurement/ Investment type	Measurement value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
Fair value:					
FNMA	$ 4,010,398	$ -	$ -	$ 789,554	$ 539,387
FHLB	973,128	-	-	973,128	-
FHLMC	4,379,961	969,367	1,187,431	2,223,163	-
U.S. Government money market	91,200	91,200	-	-	-
Amortized cost:					
STAR Ohio	20,808	20,808	-	-	-
	$ 9,475,495	$ 1,081,375	$ 1,187,431	$ 3,985,845	$ 539,387

The weighted average maturity of investments is 1.33 years.

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

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

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market funds an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

Measurement/ Investment type	Measurement value	% of Total
Fair value:		
FNMA	$ 4,010,398	42.32
FHLB	973,128	10.27
FHLMC	4,379,961	46.23
U.S. Government money market	91,200	0.96
Amortized cost:		
STAR Ohio	20,808	0.22
	$ 9,475,495	100.00

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

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

Cash and investments per note	
Carrying amount of deposits	$ 5,506,802
Investments	9,475,495
Cash on hand	24,000
Total	$ 15,006,297

Cash and investments per statement of net position	
Governmental activities	$ 14,635,641
Private-purpose trust fund	264,258
Agency funds	106,398
Total	$ 15,006,297

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2018, as reported on the fund statements, consist of the following amounts due to and due from other funds:

Due to	Due from	Amount
General fund	Nonmajor governmental funds	$ 60,205

The purpose of the amount due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. The interfund balance will be repaid once the anticipated revenues are received and is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net position.

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

Transfers from general fund to:	Amount
Nonmajor governmental funds	$ 188,786
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	638,761
	$ 827,547

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer between nonmajor governmental funds was a transfer from the District foundation special revenue fund to the building capital projects fund. This was needed to move donations collected for the athletic facilities construction project.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

NOTE 6 - PROPERTY TAXES

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

The District receives property taxes from Wood County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was $7,670,240 in the general fund, $678,542 in the debt service fund, a nonmajor governmental fund, and $489,787 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2017 was $8,748,245 in the general fund, $1,149,450 in the debt service fund, a nonmajor governmental fund, and $544,712 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2017 Second Half Collections Amount	Percent	2018 First Half Collections Amount	Percent
Agricultural/residential and other real estate	$ 818,233,980	97.96	$ 910,107,000	98.10
Public utility personal	17,053,340	2.04	17,702,630	1.90
Total	$ 835,287,320	100.00	$ 927,809,630	100.00
Tax rate per $1,000 of assessed valuation	$ 72.90		$ 71.10	

NOTE 7 - INCOME TAXES

In 1991, the voters of the District passed a .5% school income tax on wages earned by residents of the District. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled $7,129,349 on the governmental fund financial statements during fiscal year 2018.

NOTE 8 - RECEIVABLES

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

Governmental activities:	
Property taxes	$ 33,277,434
School district income tax	3,207,381
Payments in lieu of taxes	294,596
Intergovernmental	361,798
Accrued interest	33,889
Accounts	66,984
Total	$ 37,242,082

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected in the subsequent year.

THIS SPACE IS INTENTIONALLY LEFT BLANK

NOTE 9 - CAPITAL ASSETS

Capital asset activity for fiscal year 2018 is as follows:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 4,370,152	$ -	$ -	$ 4,370,152
Construction in progress	29,156,016	5,612,121	(33,887,173)	880,964
Total capital assets, not being depreciated	33,526,168	5,612,121	(33,887,173)	5,251,116
Capital assets, being depreciated:				
Land improvements	8,640,696	-	-	8,640,696
Buildings and improvements	81,722,420	34,895,902	-	116,618,322
Furniture and equipment	7,465,562	723,314	-	8,188,876
Vehicles	3,102,359	1,034,400	-	4,136,759
Total capital assets, being depreciated	100,931,037	36,653,616	-	137,584,653
Less: accumulated depreciation:				
Land improvements	(5,903,285)	(299,651)	-	(6,202,936)
Buildings and improvements	(39,194,398)	(4,111,444)	-	(43,305,842)
Furniture and equipment	(5,663,007)	(334,720)	-	(5,997,727)
Vehicles	(2,412,254)	(178,262)	-	(2,590,516)
Total accumulated depreciation	(53,172,944)	(4,924,077)	-	(58,097,021)
Depreciable capital assets, net	47,758,093	31,729,539	-	79,487,632
Governmental activities capital assets, net	$ 81,284,261	$ 37,341,660	$ (33,887,173)	$ 84,738,748

THIS SPACE IS INTENTIONALLY LEFT BLANK

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 2,501,688
Special	451,029
Vocational	11,917
Support services:	
Pupil	402,185
Instructional staff	70,670
Board of education	
Administration	390,545
Fiscal	51,381
Business	3,346
Operations and maintenance	473,163
Pupil transportation	171,549
Central	163,704
Operation of non-instructional services:	
Food service operations	117,266
Other non-instructional services	656
Extracurricular activities	114,978
Total depreciation expense	$ 4,924,077

THIS SPACE IS INTENTIONALLY LEFT BLANK

NOTE 10 - LONG-TERM OBLIGATIONS

A. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A. The changes in the District's long-term obligations during the year consist of the following:

	Restated Balance Outstanding June 30, 2017	Additions	Reductions	Balance Outstanding June 30, 2018	Amounts Due in One Year
Governmental activities:					
General obligation bonds:					
2011 advance refunding bonds					
Current interest bonds	$ 1,065,000	$ -	$ (1,065,000)	$ -	$ -
Capital appreciation bonds	48,955	-	(48,955)	-	-
Accreted interest	114,683	16,362	(131,045)	-	-
2015 school improvement bonds	38,365,000	-	(525,000)	37,840,000	510,000
2016 refunding bonds	14,690,000	-	-	14,690,000	1,335,000
Total general obligation bonds payable	54,283,638	16,362	(1,770,000)	52,530,000	1,845,000
Other long-term obligations:					
OASBO note payable	145,000	-	(71,000)	74,000	74,000
Lease purchase agreements	1,225,000	1,060,807	(539,361)	1,746,446	514,700
Energy conservation note	3,278,058	-	(241,952)	3,036,106	249,388
Net pension liability	85,978,509	-	(21,594,681)	64,383,828	-
Net OPEB liability	17,101,221	-	(3,121,718)	13,979,503	-
Compensated absences	3,857,908	457,657	(340,293)	3,975,272	333,887
Total other long-term obligations	111,585,696	1,518,464	(25,909,005)	87,195,155	1,171,975
Total long-term obligations governmental activities	$ 165,869,334	$ 1,534,826	$ (27,679,005)	139,725,155	$ 3,016,975
Unamortized premium on bonds				3,116,302	
Total on statement of net position				$ 142,841,457	

Series 2011 advance refunding general obligation bonds: On February 2, 2011, the District issued general obligation bonds to advance refund a portion of the series 1999B general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value $2,620,000, and capital appreciation bonds, par value $48,955. The interest rate on the current interest bonds ranges from 2.00-3.00%. The capital appreciation bonds matured on December 1, 2017 (approximate initial offering yield to maturity 3.31%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds was $180,000.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue was December 1, 2017.

The reacquisition price exceeded the net carrying amount of the old debt by $47,546. This amount was being netted against the new debt and amortized over the remaining life of the refunded debt.

Series 2015 general obligation bonds: On March 25, 2015, the District issued $38,900,000 of general obligation bonds for the purpose of constructing, renovating, remodeling, adding to, furnishing, equipping and otherwise improving District buildings and facilities and acquiring, improving and equipping real estate and interests for District purposes. The issue is made up of serial and term bonds, bears interest rates ranging from 2.00-5.00% and matures on December 1, 2043.

Series 2016 refunding general obligation bonds: - On September 6, 2016, the District issued 2016 refunding general obligation bonds to currently refund the District's 2006 and 2007 advance refunding general obligation bonds. The issuance proceeds of $16,929,574 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled $16,600,000 at June 30, 2017, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

The issue is comprised of current interest refunding bonds, par value $14,690,000. The interest rate on the current interest refunding bonds ranges from 1.5% to 5.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2025.

The reacquisition price exceeded the net carrying amount of the old debt by $304,344. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

All general obligation bonds are paid from the debt service fund, a nonmajor governmental fund.

OASBO note payable: On August 13, 2009, the District entered into a note agreement in the amount of $655,000, with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of installing a new artificial turf and related appurtenance at the high school stadium and renovating, reconstructing and otherwise improving the Commodore building. The annual payments are made from the general fund and the district managed student activity fund, a nonmajor governmental fund. At June 30, 2018, the District had outstanding borrowings of $74,000.

Energy conservation note: On September 19, 2013, the District issued $4,069,476 in energy conservation notes for energy improvements to all existing buildings. The notes were issued for a fifteen-year period, with final maturity in fiscal year 2029. The notes bear an interest rate of 3.0499% and are retired through the general fund.

Lease purchase agreements: The lease purchase agreements were issued to fund athletic facility improvements and the purchase school buses. See Note 11 for details.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences: Compensated absences will be paid from the fund from which the employees' salaries are paid. Compensated absences will be paid from the general fund and the food service fund, a nonmajor governmental fund.

Net pension liability: A discussion of the District's net pension liability is located in Note 14.

Net OPEB liability: A discussion of the District's net OPEB liability is located in Note 15.

B. Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2018, are as follows:

Fiscal	2015 School Improvement Bonds			2016 Refunding Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2019	$ 510,000	$ 1,480,169	$ 1,990,169	$ 1,335,000	$ 580,300	$ 1,915,300
2020	465,000	1,470,419	1,935,419	1,460,000	524,400	1,984,400
2021	420,000	1,461,569	1,881,569	1,585,000	463,500	2,048,500
2022	415,000	1,453,219	1,868,219	1,720,000	418,900	2,138,900
2023	360,000	1,445,019	1,805,019	1,820,000	360,500	2,180,500
2024 - 2028	3,440,000	7,014,219	10,454,219	6,770,000	460,250	7,230,250
2029 - 2033	7,515,000	5,842,684	13,357,684	-	-	-
2034 - 2038	9,535,000	4,177,125	13,712,125	-	-	-
2039 - 2043	12,375,000	1,742,405	14,117,405	-	-	-
2044	2,805,000	52,594	2,857,594	-	-	-
Total	$ 37,840,000	$ 26,139,422	$ 63,979,422	$ 14,690,000	$ 2,807,850	$ 17,497,850

Fiscal	OASBO Note Payable			Energy Conservation Note		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2019	$ 74,000	$ 1,221	$ 75,221	$ 249,388	$ 90,712	$ 340,100
2020	-	-	-	257,052	83,048	340,100
2021	-	-	-	264,952	75,148	340,100
2022	-	-	-	273,094	67,006	340,100
2023	-	-	-	281,487	58,613	340,100
2024 - 2028	-	-	-	1,542,637	157,863	1,700,500
2029	-	-	-	167,496	2,554	170,050
Total	$ 74,000	$ 1,221	$ 75,221	$ 3,036,106	$ 534,944	$ 3,571,050

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of $32,767,271 (including available funds of $1,794,404) and an unvoted debt margin of $927,810.

NOTE 11 - LEASE PURCHASE AGREEMENTS

During fiscal year 2016, the District entered into a $1,750,000 lease purchase agreement for improvements to the athletic facility. During fiscal year 2018, the District entered into a $1,060,807 lease purchase agreement for the purchase of twelve school buses. These leases meet the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee at the conclusion of the lease term. Lease payments for the athletic facility lease are shown as debt service expenditures in the general fund and lease payments for the school buses lease are shown as debt service expenditures in the permanent improvement fund, a nonmajor governmental fund.

The general capital assets acquired by these lease purchase agreements have been capitalized in the governmental activities on the statement of net position in the amount of $1,750,000 for the athletic facility lease, all of which is included in buildings and improvements, and $1,060,807 for the school buses lease, all of which is included in vehicles, at June 30, 2018.

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

Fiscal Year Ending June 30	Athletic Facility	School Buses	Total
2019	$ 377,484	$ 189,362	$ 566,846
2020	365,268	189,362	554,630
2021	178,054	189,361	367,415
2022	-	189,361	189,361
2023	-	189,361	189,361
Total minimum lease payments	920,806	946,807	1,867,613
Less: amount representing interest	(45,806)	(75,361)	(121,167)
Total	$ 875,000	$ 871,446	$ 1,746,446

NOTE 12 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees, with one or more years of service, earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. Sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement varies by classification. Certified and non-certified staff entitled to receive four days per year for each of the last ten years of District service, plus an additional eleven days are added for each year in the last three years before retirement in which the teacher completed the year with their maximum days of accumulated, but unused sick leave. In addition, if the teacher completes their last six years of service with the maximum accumulated sick leave balance, they will receive an additional six days of severance. Administrative staff is entitled to the greater of 72 days or to receive eight days per year for each of the last four years of District service, plus one-fourth of their total accumulated sick leave.

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which the District maintains comprehensive insurance with private carriers for real property, building contents, vehicles and general liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

B. Workers' Compensation Rating Program

The District participates in the Bureau of Worker's Compensation retrospective rating program. The District hired David Kaderavek of Kaderavek LP, LLC of Perrysburg, Ohio to serve as the administrator of District's program.

C. Employee Group Life, Medical/Surgical, Dental and Vision Insurance

The District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs.

This self-insurance fund was established for the purpose of accumulating balances sufficient to self-insure basic medical coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the general fund and certain nonmajor governmental funds. Claims payments are made on an as-incurred basis, thus no "reserve" remains with the insurance carrier.

NOTE 13 - RISK MANAGEMENT - (Continued)

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of $927,300 at June 30, 2018 and are based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims.

Changes in claims activity for the 2018 and 2017 fiscal years are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2018	$ 754,238	$ 8,692,479	$ (8,519,417)	$ 927,300
2017	547,344	5,962,664	(5,755,770)	754,238

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to SERS was $1,087,339 for fiscal year 2018. Of this amount, $168,920 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to STRS was $3,886,104 for fiscal year 2018. Of this amount, $693,789 is reported as pension and postemployment benefits payable.

Net Pension Liability

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.19616830%	0.21396579%	
Proportion of the net pension liability current measurement date	0.19610620%	0.22170676%	
Change in proportionate share	-0.00006210%	0.00774097%	
Proportionate share of the net pension liability	$ 11,716,912	$ 52,666,916	$ 64,383,828
Pension expense	$ (325,170)	$ (19,048,186)	$ (19,373,356)

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 504,256	$ 2,033,748	$ 2,538,004
Changes of assumptions	605,890	11,518,834	12,124,724
Difference between District contributions and proportionate share of contributions/ change in proportionate share	171,929	3,663,472	3,835,401
District contributions subsequent to the measurement date	1,087,339	3,886,104	4,973,443
Total deferred outflows of resources	$ 2,369,414	$ 21,102,158	$ 23,471,572
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 424,474	$ 424,474
Net difference between projected and actual earnings on pension plan investments	55,618	1,738,067	1,793,685
Difference between District contributions and proportionate share of contributions/ change in proportionate share	22,260	-	22,260
Total deferred inflows of resources	$ 77,878	$ 2,162,541	$ 2,240,419

$4,973,443 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 566,482	$ 3,657,923	$ 4,224,405
2020	740,790	6,022,297	6,763,087
2021	170,073	3,999,248	4,169,321
2022	(273,148)	1,374,045	1,100,897
Total	$ 1,204,197	$ 15,053,513	$ 16,257,710

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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 Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 16,260,029	$ 11,716,912	$ 7,911,125

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS Ohio

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	$ 75,496,232	$ 52,666,916	$ 33,436,639

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 District's surcharge obligation was $126,330.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $166,602 for fiscal year 2018. Of this amount, $132,586 is reported as pension and postemployment benefits 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liability

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

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.19851019%	0.21396579%	
Proportion of the net OPEB liability current measurement date	0.19857840%	0.22170676%	
Change in proportionate share	0.00006821%	0.00774097%	
Proportionate share of the net OPEB liability	$ 5,329,323	$ 8,650,180	$ 13,979,503
OPEB expense	$ 312,451	$ (2,580,426)	$ (2,267,975)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 499,342	$ 499,342
Difference between District contributions and proportionate share of contributions/ change in proportionate share	-	354,848	354,848
District contributions subsequent to the measurement date	166,602	-	166,602
Total deferred outflows of resources	$ 166,602	$ 854,190	$ 1,020,792
Deferred inflows of resources			
Net difference between projected and actual earnings on OPEB plan investments	$ 14,074	$ 369,729	$ 383,803
Changes of assumptions	505,725	696,801	1,202,526
Difference between District contributions and proportionate share of contributions/ change in proportionate share	15,336	-	15,336
Total deferred inflows of resources	$ 535,135	$ 1,066,530	$ 1,601,665

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

$166,602 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ (192,308)	$ (66,200)	$ (258,508)
2020	(192,308)	(66,200)	(258,508)
2021	(146,999)	(66,200)	(213,199)
2022	(3,520)	(66,200)	(69,720)
2023	-	26,230	26,230
Thereafter	-	26,230	26,230
Total	$ (535,135)	$ (212,340)	$ (747,475)

Actuarial Assumptions - SERS

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

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

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

The 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:

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	$ 6,435,836	$ 5,329,323	$ 4,452,682

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	$ 4,324,346	$ 5,329,323	$ 6,659,426

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

Discount Rate **-** The discount rate used to measure the total 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	$ 11,612,727	$ 8,650,180	$ 6,308,799

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 6,009,774	$ 8,650,180	$ 12,125,262

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	General fund
Budget basis	$ (1,505,606)
Net adjustment for revenue accruals	(1,070,933)
Net adjustment for expenditure accruals	(506,601)
Net adjustment for other sources/uses	(530,707)
Funds budgeted elsewhere	(94,978)
Adjustment for encumbrances	380,134
GAAP basis	$ (3,328,691)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the staff rotary fund, the learning day by day fund, the rotary services fund, the underground storage tank fund, the rotary special services fund, the technology insurance fund and the public school support fund.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The 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 and resulted in a receivable of $100,119 from ODE. Of this amount, $4,497 is reported on the financial statements.

NOTE 18 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2017	$ -
Current year set-aside requirement	873,657
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(2,035,188)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	$ (1,161,531)
Balance carried forward to fiscal year 2019	$ -
Set-aside balance June 30, 2018	$ -

In addition to the above statutory set-asides, the District had $1,270 in monies restricted for school bus purchases.

During fiscal year 2015, the District issued $38,900,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to $0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was $38,900,000 at June 30, 2018.

NOTE 19 - FUND BALANCE

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

Fund balance	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Materials and supplies inventory	$ -	$ 4,406	$ 4,406
Prepaids	58,188	2,655	60,843
Total nonspendable	58,188	7,061	65,249
Restricted:			
Debt service	-	1,794,404	1,794,404
Capital improvements	-	836,441	836,441
Food service operations	-	488,605	488,605
Non-public schools	-	69,554	69,554
Extracurricular	-	455,227	455,227
School bus purchases	1,270	-	1,270
Other purposes	-	284,828	284,828
Total restricted	1,270	3,929,059	3,930,329
Committed:			
Capital improvements	-	391,296	391,296
Other purposes	11,000	-	11,000
Total committed	11,000	391,296	402,296
Assigned:			
Student instruction	100,758	-	100,758
Student and staff support	276,686	-	276,686
Extracurricular	588	-	588
Uniform school supplies	51,039	-	51,039
Subsequent year's appropriations	9,666,558	-	9,666,558
Other purposes	358,072	-	358,072
Total assigned	10,453,701	-	10,453,701
Unassigned (deficit)	-	(117,616)	(117,616)
Total fund balances	$ 10,524,159	$ 4,209,800	$ 14,733,959

NOTE 20 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 325,993
Other governmental	750,690
Total	$ 1,076,683

NOTE 21 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Perrysburg and Perrysburg Township provide tax abatements through Community Reinvestment Areas (CRAs).

Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The CRA agreements entered into by the City of Perrysburg and Perrysburg Township affect the property tax receipts collected and distributed to the District. Under these agreements, the District property taxes were reduced by approximately $300,000.

REQUIRED SUPPLEMENTARY INFORMATION

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.19610620%	0.19616830%	0.19157430%	0.18665700%	0.18665700%
District's proportionate share of the net pension liability	$ 11,716,912	$ 14,357,710	$ 10,931,415	$ 9,446,604	$ 11,099,893
District's covered payroll	$ 6,363,279	$ 5,792,093	$ 5,767,382	$ 5,423,874	$ 4,973,909
District's proportionate share of the net pension liability as a percentage of its covered payroll	184.13%	247.88%	189.54%	174.17%	223.16%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.22170676%	0.21396579%	0.21092450%	0.19950196%	0.19950196%
District's proportionate share of the net pension liability	$ 52,666,916	$ 71,620,799	$ 58,293,362	$ 48,525,781	$ 57,803,593
District's covered payroll	$ 24,555,686	$ 22,795,857	$ 22,006,436	$ 20,383,592	$ 20,289,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	214.48%	314.18%	264.89%	238.06%	284.90%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 1,087,339	$ 890,859	$ 810,893	$ 760,141
Contributions in relation to the contractually required contribution	(1,087,339)	(890,859)	(810,893)	(760,141)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,054,363	$ 6,363,279	$ 5,792,093	$ 5,767,382
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	751,749	$	688,389	$	674,078	$	656,140	$	746,760	$	778,000
	(751,749)		(688,389)		(674,078)		(656,140)		(746,760)		(778,000)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,423,874	$	4,973,909	$	5,011,732	$	5,219,889	$	5,515,214	$	7,906,504
	13.86%		13.84%		13.45%		12.57%		13.54%		9.84%

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 3,886,104	$ 3,437,796	$ 3,191,420	$ 3,080,901
Contributions in relation to the contractually required contribution	(3,886,104)	(3,437,796)	(3,191,420)	(3,080,901)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 27,757,886	$ 24,555,686	$ 22,795,857	$ 22,006,436
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 2,649,867	$ 2,637,570	$ 2,696,972	$ 2,753,900	$ 2,757,490	$ 2,867,000
(2,649,867)	(2,637,570)	(2,696,972)	(2,753,900)	(2,757,490)	(2,867,000)
$ -	$ -	$ -	$ -	$ -	$ -
$ 20,383,592	$ 20,289,000	$ 20,745,938	$ 21,183,846	$ 21,211,462	$ 22,053,846
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	**2017**
District's proportion of the net OPEB liability	0.19857840%	0.19851019%
District's proportionate share of the net OPEB liability	$ 5,329,323	$ 5,658,275
District's covered payroll	$ 6,363,279	$ 5,792,093
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	83.75%	97.69%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.22170676%	0.21396579%
District's proportionate share of the net OPEB liability	$ 8,650,180	$ 11,442,946
District's covered payroll	$ 24,555,686	$ 22,795,857
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.23%	50.20%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	**2017**	**2016**	**2015**
Contractually required contribution	$ 166,602	$ 106,268	$ 99,225	$ 140,781
Contributions in relation to the contractually required contribution	(166,602)	(106,268)	(99,225)	(140,781)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,054,363	$ 6,363,279	$ 5,792,093	$ 5,767,382
Contributions as a percentage of covered payroll	2.07%	1.67%	1.71%	2.44%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 91,867	$ 80,567	$ 102,531	$ 156,291	$ 104,264	$ 219,000
(91,867)	(80,567)	(102,531)	(156,291)	(104,264)	(219,000)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,423,874	$ 4,973,909	$ 5,011,732	$ 5,219,889	$ 5,515,214	$ 7,906,504
1.69%	1.62%	2.05%	2.99%	1.89%	2.77%

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	**2017**	**2016**	**2015**
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 27,757,886	$ 24,555,686	$ 22,795,857	$ 22,006,436
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2014	2013	2012	2011	2010	2009
	$ 212,253	$ 202,890	$ 207,459	$ 211,838	$ 212,115	$ 205,000
	(212,253)	(202,890)	(207,459)	(211,838)	(212,115)	(205,000)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 20,383,592	$ 20,289,000	$ 20,745,938	$ 21,183,846	$ 21,211,462	$ 22,053,846
	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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

This page intentionally left blank.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553		$ 16,030
National School Lunch Program	10.555		
Cash Assistance			311,583
Non-Cash Assistance (Food Distribution)			117,843
Total National School Lunch Program			429,426
Total Child Nutrition Cluster			445,456
Total U.S. Department of Agriculture			**445,456**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies - FY17	84.010		50,355
Title I Grants to Local Educational Agencies - FY18	84.010		80,513
Total Title I Grants to Local Educational Agencies			130,868
Special Education Cluster:			
Special Education_Grants to States (IDEA, Part B) - FY17	84.027		159,713
Special Education_Grants to States (IDEA, Part B) - FY18	84.027		641,324
Total Special Education_Grants to States			801,037
Special Education_Preschool Grants - FY17	84.173	$ 8,455	8,455
Special Education_Preschool Grants - FY18	84.173		27,176
Total Special Education_Preschool Grants		8,455	35,631
Total Special Education Cluster		8,455	836,668
English Language Acquisition State Grants - FY17	84.365		6,534
English Language Acquisition State Grants - FY18	84.365		9,071
Total English Language Acquisition State Grants			15,605
Improving Teacher Quality State Grants - FY17	84.367		200
Improving Teacher Quality State Grants - FY18	84.367		65,110
Total Improving Teacher Quality State Grant			65,310
Student Support and Academic Enrichment Programs - FY18	84.424		2,912
Student Support and Academic Enrichment Programs - FY18	84.424		20,525
Total Student Support and Academic Enrichment Programs			23,437
Total U.S. Department of Education		**8,455**	**1,071,888**
Total Expenditures of Federal Awards		**$ 8,455**	**$ 1,517,344**

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 FISCAL 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 Perrysburg Exempted Village School District, Wood County, Ohio (the District's) 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education (ODE) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program.

The District transferred the following amounts from 2018 to 2019 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 20,166
Title II Improving Teacher Quality State Grant	84.367	3,850
Title III English Language Acquisition State Grants	84.365	8,467
Special Education - Grants to States	84.027	112,304
Title IV Student Support and Academic Enrichment	84.424	6,278

This page intentionally left blank.

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

Perrysburg Exempted Village School District
Wood County
140 East Indiana Avenue
Perrysburg, Ohio 43551

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Perrysburg Exempted Village School District, Wood County, Ohio, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2019, wherein we noted the 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 District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

March 14, 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

Perrysburg Exempted Village School District
Wood County
140 East Indiana Avenue
Perrysburg, Ohio 43551

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

March 14, 2019

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD 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):**	Special Education Cluster
(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 FOR FEDERAL AWARDS

None

This page intentionally left blank.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD 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 28, 2019