YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

OHIO AUDITOR OF STATE
KEITH FABER

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

Yellow Springs Exempted Village School District
Greene County
201 South Walnut Street
Yellow Springs, Ohio 45387

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yellow Springs Exempted Village School District, Greene County, Ohio (the District), as of and for the years ended June 30, 2018 and 2017, 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, each major fund, and the aggregate remaining fund information of the Yellow Springs Exempted Village School District, Greene County, Ohio, as of June 30, 2018 and 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements for the fiscal year ended June 30, 2018, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 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

May 14, 2019

The discussion and analysis of Yellow Springs 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; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The net position at the close of the most recent fiscal year was ($2,959,784). The District reports significant balances under *GASB 68 Financial Accounting and Reporting for Pensions* and *GASB 75 Financial Accounting and Reporting for Postemployment Benefits other than Pensions* that brought on a proportionate share of the two retirements' net pension/OPEB liability. These additional pension/OPEB items are responsible for reducing the net position by $10,229,106. Without these items, the net position for the District would be $7,269,322.

- General revenues accounted for $8,338,746 in revenue or 80.20 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $2,058,618 or 19.80 percent of total revenues of $10,397,364.

- The District had $5,688,642 in expenses related to governmental activities; only $2,058,618 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $8,338,746 were adequate to provide for these programs. The District does report a negative pension expense of $3,568,799 that reduced the statement of activities expenses from $9,257,441.

- The general fund and the bond retirement fund are the District's major funds. The general fund had $9,285,583 in revenues and other financing sources and $8,843,665 in expenditures and other financing uses. The general fund balance increased $441,918 from the prior fiscal year. The bond retirement fund had $274,098 in revenues and $308,130 in expenditures. The bond retirement fund balance decreased ($34,032) from the prior fiscal year based on expenditures exceeding revenues.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all the District's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. deferred inflow of property taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The District maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the District's major funds. The general fund and bond retirement fund are the District's major funds. Data from the other fourteen governmental funds are combined into a single, aggregate presentation.

The District adopts an annual appropriation budget for all of its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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: These four schedules provide additional information on the District's two pension systems as required by GASB 68 and four additional schedules provide additional information on the District's two OPEB systems as required by GASB 75 including notes to those schedules.

Government-Wide Financial Analysis

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

Table 1
Net Position
Governmental Activities

	2018	Restated 2017	Change
Assets			
Current and other assets	$11,458,561	$10,927,985	$530,576
Capital assets, net	4,557,526	4,769,384	(211,858)
Total assets	16,016,087	15,697,369	318,718
Deferred Outflows of Resources			
OPEB	113,475	0	113,475
Pension	3,507,419	3,136,330	371,089
Total Deferred Outflows of Resources	3,620,894	3,136,330	484,564
Liabilities			
Current liabilities	1,138,271	1,070,685	67,586
Long-term liabilities			
Net Pension Liability	10,684,000	14,687,293	(4,003,293)
Net OPEB Liability	2,442,052	3,016,616	(574,564)
Other Long-term liabilities	3,393,911	3,628,612	(234,701)
Total liabilities	17,658,234	22,403,206	(4,744,972)
Deferred Inflows of Resources			
Property Taxes	4,214,583	4,098,999	115,584
OPEB	273,497	0	273,497
Pensions	450,451	0	450,451
Total Deferred Inflows of Resources	4,938,531	4,098,999	839,532
Net Position			
Net investment in capital assets	2,001,399	1,894,525	106,874
Restricted	407,994	474,168	(66,174)
Unrestricted (deficit)	(5,369,177)	(10,037,199)	4,668,022
Total net position	($2,959,784)	($7,668,506)	$4,708,722

Governmental Accounting Standards Board (GASB) standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension and OPEB costs, GASB 27 and 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. GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information in these statements.

Under the standards required by GASB 68 and GASB 75, the pension and OPEB liability equals the District's proportionate share of each plan's collective present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service, less 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. GASB noted that the unfunded portion of the pension and OPEB benefit 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 this liability. 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. 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 pension and other postemployment benefit system. In Ohio, there is no legal means to enforce the unfunded liability of the pension and OPEB system *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 pension and OPEB system is responsible for the administration of the plan.

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 pension and other postemployment benefit liability. As explained above, changes in pension and OPEB, contribution rates, and return on investments affect the balance of the pension and OPEB liability, 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 pension and OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the pension and OPEB liability is satisfied, this liability is 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 and OPEB expense for their proportionate share of each plan's *change* in net pension liability and other postemployment benefit liability not accounted for as deferred inflows/outflows.

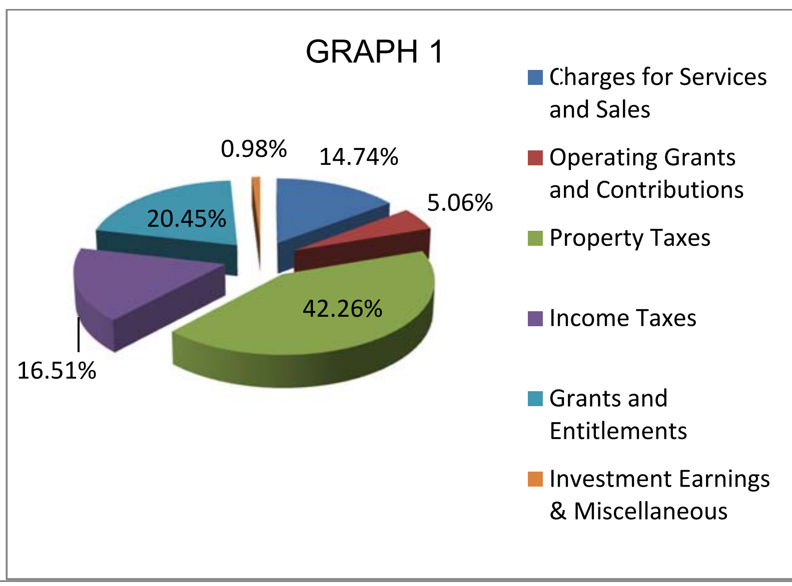
As a result of implementing GASB 75 in 2018, the District is reporting a other postemployment benefit liability and deferred inflows/outflows of resources related to other postemployment benefits on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($4,651,890) to ($7,668,506).

The District continues to generate additional revenue from the prior year tax levy and saw the cash balance across all funds increase over $624,000. The long-term liabilities decreased by $235,000 as the District continues to pay down the two long term debt obligations. The other large changes in the net pension/OPEB liabilities come from changes from the actuarial items the two retirement systems used to determine the current measurement year liabilities.

Table 2 shows the change in revenue from fiscal year 2017 to 2018.

Table 2
Changes in Revenue
Governmental Activities

	2018	**2017**	**Change**
Revenues:			
Program Revenues:			
Charges for Services and Sales	$1,532,897	$1,720,576	($187,679)
Operating Grants and Contributions	525,721	478,236	47,485
Total Program Revenues	2,058,618	2,198,812	(140,194)
General Revenues:			
Property Taxes	4,393,553	4,867,083	(473,530)
Income Taxes	1,716,980	1,551,107	165,873
Grants and Entitlements	2,126,237	1,952,628	173,609
Investment Earnings	57,597	20,461	37,136
Miscellaneous	44,379	70,123	(25,744)
Total General Revenues	8,338,746	8,461,402	(122,656)
Total Revenues	$10,397,364	$10,660,214	($262,850)



Graph 1 breaks down the District's government-wide revenue into percentages by type of revenue.

Table 3 shows the change in program expenses from 2017 to 2018.

Table 3
Total Program Expenses
Governmental Activities

	2018	2017	Change
Expenses:			
Instruction:			
Regular	$2,008,305	$4,364,316	($2,356,011)
Special	685,234	1,306,552	(621,318)
Other	212,463	275,474	(63,011)
Support Services:			
Pupils	352,430	495,886	(143,456)
Instructional Staff	148,262	332,493	(184,231)
Board of Education	111,677	62,096	49,581
Administration	421,430	1,014,250	(592,820)
Fiscal/Business	310,986	458,699	(147,713)
Operation/Maintenance of Plant	485,968	720,966	(234,998)
Pupil Transportation	164,554	248,053	(83,499)
Central	167,827	134,139	33,688
Non-Instructional	283,906	275,371	8,535
Extracurricular Activities	202,205	349,179	(146,974)
Debt Service: Interest & Fiscal Charges	133,395	126,863	6,532
Total Expenses	5,688,642	$10,164,337	(4,475,695)
Net Change	4,708,722	495,877	$4,212,845
Beginning Net Position	(4,651,890)	(5,147,767)	
Restatement	(3,016,616)	0	
Ending Net Position	($2,959,784)	($4,651,890)	

The decrease in the property taxes is due to larger amount available for advance in the prior year compared to this year. Income taxes increased about $166,000 due to the better economy and more local employment. The intergovernmental revenue increased $173,600 due to open enrollment reimbursements. The decrease in expenses is related to the pension/OPEB expense recognition for the GASB 68 and GASB 75 amoritzation amounts. Those amounts reduced the total expenses by $3,568,799 which would have resulted in the overall expenses dropping only $906,896 from 2017. Excluding the pension/OPEB items, the expenses decreased due to the District's controlled expenses and following the five year forecast trends.

The Major Funds

The District's major funds are accounted for using the modified accrual basis of accounting, focusing on the near term financial resources of the District. The general fund and the bond retirement fund are the two major funds. The general fund accounted for 89.22% of the $10,407,641 in total revenue and other financing sources and 87.90% of the $10,056,715 in total expenditures. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Revenues and other financing sources exceeded expenditures and other financing uses in the general fund by $441,918 creating a year end fund balance of $5,534,206. The bond retirement fund became a major fund in fiscal year 2012 due to the increased revenues and expenditures from the bond refinancing in August, 2011 and has been reported as such even though it no longer qualifies under the requirements.

The general fund recognized $1,089,601 in current liabilities for fiscal year 2018. Accrued wages and benefits accounted for 81.31% of those liabilities. Taxes receivable accounted for 99.21% of the $5,102,573 receivables in the general fund. The property taxes receivable is mostly offset by a deferred inflow because those taxes are not intended to finance the 2018 fiscal year.

General Fund Budgetary

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2018.

Table 4
Original Budget versus Final Budget for General Fund Revenues

	Budget		
	Original	Final	Variance
Revenues			
Property/Income Taxes	$5,493,373	$5,938,284	$444,911
Intergovernmental	2,074,019	2,049,434	(24,585)
Other	1,340,000	1,395,971	55,971
Total Revenues	8,907,392	9,383,689	$476,297

The original revenue estimates come from September 2017 Amended Certificate of Estimated Resources, which is based on the Tax Budget also completed in January, 2016. Property taxes collections were greater than estimates, so the variance was right at 6%. The District is heavily dependent on the open enrollment income, which accounts for the majority of other revenue variance.

The final certificate was done at year end so the actual revenues matches the final budget.

Table 5 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2018.

Table 5
Original Budget versus Final Budget for General Fund Expenditures

	Budget		
	Original	Final	Variance
Expenditures			
Instruction	$5,240,653	$5,240,653	$0
Support Services	3,263,714	3,264,744	1,030
Other	337,599	356,299	18,700
Total Expenditures	8,841,966	8,861,696	19,730

The original budget comes for the Tax Budget filed in January of 2017. Traditionally, the tax budget expenditures include all possible needs for the future year. The variances within in each expenditure category are very minimal. The actual expenditure total came in 0.18% over the final budget.

Capital Assets

At the end of the year, the District had $4,557,526 invested in land, land improvements, buildings and building improvements, furniture, fixtures and equipment, and vehicles less accumulated depreciation. Table 6 shows the breakdown of the individual classes for capital assets:

Table 6
Capital Assets
Governmental Activities

Class:	2018	2017	Change
Land	$ 1,238,340	$ 1,238,340	0.00%
Land Improvements	537,457	537,457	0.00%
Buildings and Building Improvements	7,137,020	7,137,020	0.00%
Furniture, Fixtures, Equipment	848,701	823,577	3.05%
Vehicles	253,744	225,616	12.47%
Total at Historical Cost	10,015,262	9,962,010	0.53%
Less: Accumulated Depreciation	(5,457,736)	(5,192,626)	5.11%
Capital Assets, Net	**$4,557,526**	**$4,769,384**	**(4.44)%**

The increase in equipment is for technology used in instruction and the District purchased a new van. For more information on the District's capital assets, refer to Note 8 of the financial statements.

Debt Administration

The District issued $835,000 of Qualified School Construction Bonds in September, 2010 to finance a House Bill 264 energy upgrade project. Qualified School Construction Bonds were derived from the American Recovery and Reinvestment Act (ARRA) of 2009; they receive interest rebates from the Federal government and are considered "interest-free." In 2013, as part of the Federal spending cuts, the interest credits were reduced to 85%. The energy conservation notes retire March 1, 2021 with annual payments being made from the cost savings realized in the general fund. The remaining balance at June 30, 2018 is $227,800.

In June, 2002 the District issued $4,420,000 in permanent improvement bonds with final maturity during fiscal year 2028. The bonds are paid from the Bond Retirement Debt Service Fund. Principal of $2,960,000 from the original issue was refunded and reissued at a lower interest rate in August, 2011. The initial bond was retired during the year. The refunding bond balance at June 30, 2018 is $2,149,999. For further information on the District's obligations, refer to Note 13 of the financial statements.

For the Future

The District maintained its solid financial state through the end of fiscal year 2017-18. The additional emergency levy passed in 2012 and sizable increases in state funding have bolstered the cash carryover balance. With negotiated raises, the addition of staffing positions, high insurance premium increases, the need for more technology, increasing legal fees, and the purchase of a school bus, deficit spending is projected to occur in the 2018-19 fiscal year. The board set a primary objective of avoiding a deficit spending situation for the duration of the five-year forecast that was in existence during the year of the new emergency levy ballot issue; this objective has been achieved. The secondary objective was to make the new levy last for ten years before deficit spending, this is an objective the board discusses often and makes efforts to accomplish. However, with growing areas such as special education, technology, and project based learning (PBL), the district has had to increase spending on staffing, contracted services, and equipment. These added costs will likely remain in the budget permanently and the District will need to look at long-term solutions to covering these costs with additional revenues or expenditure offsets.

The additional $915,000 emergency levy was renewed for eight (8) years on May 2, 2017. The term of eight (8) years aligns the expiration with the $1,060,000 emergency levy which was renewed in 2015. The long range plan is to align the two emergency levies to expire at the same time then merge the two in to one levy. The two levies combined comprise 21% of the current district revenue. The $130,000 permanent improvement levy was renewed by voters on November 5, 2013 and is on the November 6, 2018 ballot for renewal. The permanent improvement levy is critical to the upkeep of the District's facilities.

In August of 2016, the District began a facility exploration process. In February of 2017, an architectural firm was hired to lead the District through a year-long community engagement process. A facilities assessment was conducted by the Ohio School Facilities Commission. Multiple community forums were held. On May 8, 2018, the District placed a bond/income tax issue on the ballot for over $18 million in renovations and replacements to the existing middle school/high school. The levy failed by 65% voting against the levy. The District will continue to discuss future building needs and possibly conduct another exploration process using a different engagement method. The District is continuing to utilize a K-12 project/problem based learning (PBL) curriculum. Students display their projects twice per school year on Exhibition Nights. School districts from all over the area are still sending their staff to visit our District to see how PBL is applied in the classroom via our Deeper Learning Training Center. The revenues from the training center have been used to cover costs and to provide for professional development to staff.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Treasurer, Yellow Springs Schools, 201 S. Walnut Street, Yellow Springs, OH 45387. (937) 767-7381 Also see: www.ysschools.org

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YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Net Position
June 30, 2018

		Governmental Activities
Assets:		
Equity in Pooled Cash and Investments	$	5,966,493
Cash in Segregated Accounts		505
Materials and Supplies Inventory		248
Accrued Interest Receivable		9,002
Accounts Receivable		18,059
Intergovernmental Receivable		18,491
Property Taxes Receivable		4,571,108
Income Taxes Receivable		874,655
Capital Assets:		
Non-Depreciable Capital Assets		1,238,340
Depreciable Capital Assets, net		3,319,186
Total Assets		16,016,087
Deferred Outflows of Resources		
OPEB		113,475
Pension		3,507,419
Total Deferred Outflows		3,620,894
Liabilities		
Accounts Payable		39,890
Accrued Wages and Benefits		911,261
Intergovernmental Payable		180,560
Accrued Interest Payable		6,560
Long-Term Liabilities:		
Due Within One Year		384,843
Due in More Than One Year		
Net Pension Liability		10,684,000
Net OPEB Liability		2,442,052
Other Long-Term Liabilities		3,009,068
Total Liabilities		17,658,234
Deferred Inflows of Resources:		
OPEB		273,497
Pension		450,451
Property Taxes		4,214,583
Total Deferred Inflows of Resources		4,938,531
Net Position:		
Net investment in Capital Assets		2,001,399
Restricted for Debt Service		227,925
Restricted for Capital		149,776
Restricted for Other Purposes		30,293
Unrestricted (Deficit)		(5,369,177)
Total Net Position	$	(2,959,784)

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

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**	**Governmental Activities**
Governmental Activities:				
Instruction:				
Regular	$ 2,008,305	$ 1,351,645	$ 67,862	$ (588,798)
Special	685,234	0	207,023	(478,211)
Other	212,463	7,281	7,169	(198,013)
Support Services:				
Pupils	352,430	12,120	58,627	(281,683)
Instructional Staff	148,262	8,371	8,241	(131,650)
Board of Education	111,677	0	0	(111,677)
Administration	421,430	3,985	0	(417,445)
Fiscal	204,277	0	0	(204,277)
Business	106,709	0	0	(106,709)
Operation and Maintenance of Plant	485,968	0	0	(485,968)
Pupil Transportation	164,554	0	0	(164,554)
Central	167,827	0	3,600	(164,227)
Operation of Non-Instructional Services	283,906	112,694	145,421	(25,791)
Extracurricular Activities	202,205	36,801	27,778	(137,626)
Debt Service:				
Interest and Fiscal Charges	133,395	0	0	(133,395)
Totals	$ 5,688,642	$ 1,532,897	$ 525,721	(3,630,024)

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	4,043,016
Property Taxes, Levied for Capital	119,180
Property Taxes, Levied for Debt Service	231,357
Income Taxes	1,716,980
Grants and Entitlements not Restricted to Specific Programs	2,126,237
Investment Earnings	57,597
Miscellaneous	44,379
Total General Revenues	8,338,746
Change in Net Position	4,708,722
Net Position Beginning of Year - Restated	(7,668,506)
Net Position End of Year	$ (2,959,784)

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	$ 5,552,987	$ 211,931	$ 201,575	$ 5,966,493
Cash in Segregated Accounts	0	0	505	505
Materials and Supplies Inventory	0	0	248	248
Accrued Interest Receivable	9,002	0	0	9,002
Accounts Receivable	18,059	0	0	18,059
Intergovernmental Receivable	0	0	18,491	18,491
Interfund Receivable	13,051	0	0	13,051
Property Taxes Receivable	4,187,806	263,087	120,215	4,571,108
Income Taxes Receivable	874,655	0	0	874,655
Total Assets	$ 10,655,560	$ 475,018	$ 341,034	$ 11,471,612
Liabilities				
Current Liabilities:				
Accounts Payable	12,193	0	27,697	39,890
Accrued Wages and Benefits	886,007	0	25,254	911,261
Intergovernmental Payable	173,309	0	7,251	180,560
Interfund Payable	0	0	13,051	13,051
Matured Compensated Absences Payable	18,092	0	0	18,092
Total Liabilities	1,089,601	0	73,253	1,162,854
Deferred Inflows of Resources				
Property Taxes	3,917,244	247,093	112,218	4,276,555
Income Taxes	114,509	0	0	114,509
Total Deferred Inflows of Resources	4,031,753	247,093	112,218	4,391,064
Fund Balances				
Restricted	0	227,925	180,069	407,994
Assigned	419,032	0	0	419,032
Unassigned (Deficit)	5,115,174	0	(24,506)	5,090,668
Total Fund Balances	5,534,206	227,925	155,563	5,917,694
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,655,560	$ 475,018	$ 341,034	$ 11,471,612

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$	5,917,694
Amounts reported for governmental activities on the statement of Net Position are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.			4,557,526
Revenues that do not provide current financial resources are not reported as revenues in governmental funds.			176,481
The pension liability is not due and payables in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.			(7,627,032)
The OPEB liability is not due and payables in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.			(2,602,074)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:			
Accrued Interest Payable	(6,560)		
General Obligation Bonds and Notes Payable	(2,782,520)		
Compensated Absences Payable	(593,299)		
			(3,382,379)
Net Position of Governmental Activities		$	(2,959,784)

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	$ 4,063,435	$ 231,890	$ 119,640	$ 4,414,965
Income Taxes	1,703,314	0	0	1,703,314
Intergovernmental	2,066,087	42,208	547,501	2,655,796
Interest	57,597	0	0	57,597
Tuition and Fees	1,343,909	0	380	1,344,289
Rent	3,985	0	0	3,985
Extracurricular Activities	8,589	0	42,521	51,110
Gifts and Donations	14,880	0	4,861	19,741
Customer Sales and Services	12,120	0	112,484	124,604
Miscellaneous	11,667	0	210	11,877
Total Revenues	9,285,583	274,098	827,597	10,387,278
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,879,911	0	99,036	3,978,947
Special	1,108,134	0	204,890	1,313,024
Other	197,482	0	14,981	212,463
Support Services:				
Pupils	439,527	0	62,982	502,509
Instructional Staff	265,060	0	20,684	285,744
Board of Education	111,677	0	0	111,677
Administration	964,641	0	0	964,641
Fiscal	358,257	1,592	824	360,673
Business	25,806	0	0	25,806
Operation and Maintenance of Plant	715,133	0	0	715,133
Pupil Transportation	239,894	0	0	239,894
Central	152,644	0	3,600	156,244
Operation of Non-Instructional Services	2,625	0	279,829	282,454
Extracurricular Activities	266,823	0	58,145	324,968
Capital Outlay	18,820	0	159,949	178,769
Debt Service:				
Principal	75,900	225,000	0	300,900
Interest	968	81,538	0	82,506
Total Expenditures	8,823,302	308,130	904,920	10,036,352
Excess of Revenues Over (Under) Expenditures	462,281	(34,032)	(77,323)	350,926
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	20,363	20,363
Transfers Out	(20,363)	0	0	(20,363)
Total Other Financing Sources (Uses)	(20,363)	0	20,363	0
Net Change in Fund Balances	441,918	(34,032)	(56,960)	350,926
Fund Balance at Beginning of Year	5,092,288	261,957	212,523	5,566,768
Fund Balance at End of Year	$ 5,534,206	$ 227,925	$ 155,563	$ 5,917,694

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 350,926
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital additions	53,252	
Depreciation	(265,110)	
		(211,858)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Income Taxes	13,666	
Delinquent Property Taxes	(21,412)	
		(7,746)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:		
Change in compensated absences payable	(28,915)	
Decrease in accrued interest payable	469	
Accretion on bonds	(51,358)	
		(79,804)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		769,674
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liability are reported as expense in the statement of activities.		3,568,798
Issuance and repayment of long-term debt is reported as an expenditure or other financing sources in governmental funds, but the issuance or repayment impacts long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:		
Premium on refunding bonds	17,832	
Bond payments	225,000	
Note payments	75,900	
		318,732
Change in Net Position of Governmental Activities		$ 4,708,722

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Property and Other Local Taxes	$ 4,059,000	$ 4,301,876	$ 4,301,876	$ 0
Income Tax	1,434,373	1,636,408	1,636,408	0
Intergovernmental	2,074,019	2,049,434	2,049,434	0
Interest	13,000	59,626	59,626	0
Tuition and Fees	1,324,000	1,330,945	1,330,945	0
Rent	3,000	3,985	3,985	0
Miscellaneous	0	1,415	1,415	0
Total Revenues	8,907,392	9,383,689	9,383,689	0
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,907,763	3,907,763	3,863,493	44,270
Special	1,075,890	1,075,890	1,099,884	(23,994)
Other	257,000	257,000	197,482	59,518
Support Services:				
Pupils	437,792	437,792	437,807	(15)
Instructional Staff	260,778	260,778	261,452	(674)
Board of Education	65,815	65,815	104,520	(38,705)
Administration	975,388	975,388	1,000,619	(25,231)
Fiscal	380,222	380,222	354,094	26,128
Business	30,000	30,000	25,806	4,194
Operation and Maintenance of Plant	726,702	727,702	731,218	(3,516)
Pupil Transportation	225,780	225,810	324,464	(98,654)
Central	161,237	161,237	150,650	10,587
Operation of Non-Instructional Services	5,000	5,000	2,625	2,375
Extracurricular Activities	230,599	230,599	227,769	2,830
Capital Outlay	25,000	43,700	18,820	24,880
Debt Service				
Principal	75,900	75,900	75,900	0
Interest	1,100	1,100	968	132
Total Expenditures	8,841,966	8,861,696	8,877,571	(15,875)
Excess of Revenues (Under) Expenditures	65,426	521,993	506,118	(15,875)
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	11,500	11,288	11,288	0
Refund of Prior Year Expenditures	50,000	61,038	61,038	0
Refund of Prior Year Receipts	0	0	(3,076)	(3,076)
Transfers Out	(15,000)	(15,000)	(20,363)	(5,363)
Advances Out	(10,000)	(10,000)	(10,640)	(640)
Total Other Financing Sources and Uses	36,500	47,326	38,247	(9,079)
Net Change in Fund Balances	101,926	569,319	544,365	(24,954)
Fund Balance at Beginning of Year	4,835,754	4,835,754	4,835,754	0
Prior Year Encumbrances Appropriated	8,608	8,608	8,608	0
Fund Balance at End of Year	$ 4,946,288	$ 5,413,681	$ 5,388,727	$ (24,954)

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Fiduciary Assets and Liabilities -
Agency Fund
June 30, 2018

		Agency Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Investments	$	41,598
Total Assets		41,598
Liabilities		
Current Liabilities:		
Undistributed Monies		41,598
Total Liabilities	$	41,598

See Accompanying Notes to the Basic Financial Statements

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Yellow Springs Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Yellow Springs Exempted Village School District is a school district as defined by §3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The Board oversees the operations of the District's three instructional/support facilities staffed by 34 non-certified and 56 certified full-time teaching personnel who provide services to 752 students and other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District does not have any component units.

The District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are Miami Valley Educational Computer Association, Southwestern Ohio Educational Purchasing Council, Greene County Career Center, Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, and Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, respectively. These organizations are presented in Notes 17 and 18 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The other governmental funds of the District account for grants and other resources and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The District maintains two fiduciary funds. An agency fund known as the Students Activities Fund, which was established to account for revenues generated by student managed activities. The second agency fund accounts for OHSAA programs. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

C. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Deferred Inflows of Resources

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position reports 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. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations, have been recorded as a deferred inflow. For the District, deferred inflows of resources are reported on the government-wide statement of net position for pension/OPEB. The deferred inflows of resources related to pension/OPEB are explained in Notes 10 and 11.

Pension/OPEB

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

Expenditures/Expenses

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

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

E. Budgetary Process

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal 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. Interest in the pool is presented as “equity in pooled cash and investments” on the financial statements. “Cash in segregated accounts” relates to the balance available in the District’s athletic fund account.

During fiscal year 2018, investments were limited to money market funds, certificate of deposits, and sweep accounts.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $57,597 with $5,378 assigned from other District funds.

For presentation of the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

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

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

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

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.
Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Net Position

Net position represents the difference between assets, deferred outflows, and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Of the District's $407,994 in restricted net position, none were restricted by enabling legislation.

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

L. Fund Balance

The District reports the following categories:

- Restricted fund balances related to money received from local, state or federal grants or maintained in segregated accounts for construction.
- Assigned fund balances are balances the District administration have specified the future use.
- Residual fund balance within the general fund and any fund with a negative balance in other governmental funds is reported as unassigned fund balance.

When the District has multiple fund balances available within a particular fund, the District will spend the funds in the following order –restricted, assigned then unassigned.

M. Interfund Activity

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

N. Estimates

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

O. Pass-Through Grants

The Race to the Top, Handicapped Preschool and Integration of School and Mental Health special revenue funds are pass-through grants in which the Educational Service Center is the primary recipient. In accordance with GASB Statement 24, “Accounting and Financial Reporting or Certain Grants and Other Financial Assistance,” the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses. Total amount recorded for revenues and expenditures was $16,645 under these programs.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual 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 fund financial statements are the following:

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

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).

4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).

5. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Excess of Revenues and Other Financing Sources
Over Expenditures and Other Financing Uses

GAAP Basis	$441,918
Revenue Accruals	238,354
Expenditure Accruals	(15,945)
GASB 54 Funds	(14,457)
Encumbrances	(94,865)
Advances	(10,640)
Budget Basis	$544,365

4. DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 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 monies are those monies that 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 held by the District can be deposited or invested in the following securities:

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

2. Bonds, notes, debentures, or any other obligation or security 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;

4. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the agreement by at least two percent and to 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 or Ohio local governments;

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

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

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

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.

Deposits

Custodial credit risk for deposits 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. At year end, $1,657,826 of the District's bank balance of $1,909,672 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. 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.

4. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

Measurement/Investment Type	Fair Value	Maturities Less than One Year	Maturities Over One Year
Fifth Third Government Money Market funds	$32,780	$32,780	$0
Certificates of Deposit	1,892,617	747,358	1,145,259
Sweep Account	2,263,425	2,263,425	0
Total	$4,188,822	$3,043,563	$1,145,259

The District's investments are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The District follows Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any district to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which school district are legally allowed to participate in. The District has no policy limiting investments based on credit risk other than those established by the ORC. The Federal National Mortgage Association Note is rated as a AAA by Standard and Poors. The Fifth Third Government Money Market funds, certificates of deposit and sweep account are not rated.

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 Fifth Third Government Money Market fund and the FNMA bond 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. The Certificate of Deposits are 100% FDIC insured.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's has 0.78% of its investments in the Fifth Third Government Money Market funds, 45.19% of its investments in Certificate of Deposits and remaining 54.03% were invested in sweep account.

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes for 2016 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 real and tangible personal property taxes for 2018 were levied after April 1, 2017, on the assessed values as of December 31, 2016, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2018 (other than public utility property) represent the collection of calendar year 2018 taxes. Tangible personal property taxes for 2018 were levied after April 1, 2017, on the value as of December 31, 2017. Tangible personal property has been phased out with the prior year other than tangible personal property on public utilities. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Greene and Clark Counties. The county auditors 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 to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2018 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

5. PROPERTY TAXES (Continued)

The amount available as an advance at June 30, 2018, was $270,562 in the General Fund, $15,994 in the Bond Retirement fund and $7,997 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2017, was $509,003 in the General Fund, $28,888 in the Bond Retirement fund and $15,535 in the Non-major Governmental Funds. The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	**Percent**	**Amount**	**Percent**
Agricultural/Residential	$117,612,060	89.28%	$124,931,330	89.29%
Industrial/Commercial	12,475,230	9.47%	13,255,970	9.47%
Public Utility	1,642,280	1.25%	1,734,400	1.24%
Total Assessed Value	$131,729,570	100.00%	$139,921,700	100.00%
Full Tax rate per $1,000 of assessed valuation	$71.00		$69.15	

6. INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2002, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenues in the amount of $1,703,314 were credited to the General Fund during fiscal year 2018.

7. RECEIVABLES

Receivables at June 30, 2018, consisted of property and income taxes, accounts (rent and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Title VI-B Grant	$15,539
Title I Grant	480
Miscellaneous Federal Grants	2,472
Total Intergovernmental Receivables	$18,491

8. CAPITAL ASSETS

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

	Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18
Governmental Activities				
Nondepreciable Capital Assets				
Land	$1,238,340	$0	$0	$1,238,340
Total Nondepreciable Capital Assets	1,238,340	0	0	1,238,340
Depreciable Capital Assets				
Land Improvements	537,457	0	0	537,457
Buildings and Building Improvements	7,137,020	0	0	7,137,020
Furniture, Fixtures, and Equipment	823,577	25,124	0	848,701
Vehicles	225,616	28,128	0	253,744
Total Depreciable Capital Assets	8,723,670	53,252	0	8,776,922
Less Accumulated Depreciation				
Land Improvements	(395,452)	(19,975)	0	(415,427)
Buildings and Building Improvements	(4,128,444)	(205,272)	0	(4,333,716)
Furniture, Fixtures, and Equipment	(455,748)	(24,788)	0	(480,536)
Vehicles	(212,982)	(15,075)	0	(228,057)
Total Accumulated Depreciation	(5,192,626)	(265,110)	0	(5,457,736)
Depreciable Capital Assets, Net	3,531,044	(211,858)	0	3,319,186
Governmental Activities Capital Assets, Net	$4,769,384	($211,858)	$0	$4,557,526

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$179,818
Support Services:	
Business	51,219
Operation and Maintenance of Plant	3,146
Pupil Transportation	12,319
Central	6,652
Operation of Non-Instructional Services	919
Extracurricular Activities	11,037
Total Depreciation Expense	$265,110

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District contracted with Liberty Mutual for general liability insurance with a $1,000,000 single occurrence limit and a $2,000,000 general aggregate and $2,000,000 products completed operations aggregate limit. Property is protected by Ohio Casualty with an $25,485,420 aggregate limit and holds a $2,500 deductible.

The District's vehicles are covered under a business policy with Liberty Mutual, which carries a $2,000,000 limit on any accident with a $1,000 comp/$1,000 collision deductible.

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

B. Workers' Compensation

For fiscal year 2018, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Medical Benefits

For fiscal year 2018, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool. The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating Districts is calculated and a premium rate is applied to all Districts in the MBP. Each participant pays its health insurance premiums to the EPC. Participation in the MBP is limited to Districts that can meet the MBP's selection criteria.

10. DEFINED PENSION BENEFIT PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – The District's 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.

10. DEFINED PENSION BENEFIT PLANS (Continued)

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30 or $86 multiplied by the years of service. Final average salary is the average of the highest three years of salary.

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

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

The District's contractually required contribution to SERS was $191,845 for fiscal year 2018. Of this amount $11,436 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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 and at least age 60.

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 schedules of employer allocations and pension amounts by employer.

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.

10. DEFINED PENSION BENEFIT PLANS (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The 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 $570,724 for fiscal year 2018. Of this amount $95,091 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability - prior measurement date	0.038061%	0.03555583%	
Proportion of the Net Pension Liability - current measurement date	0.039170%	0.03512352%	
Change in proportionate share	0.001109%	-0.00043231%	
Proportionate Share of the Net Pension Liability	$2,340,333	$8,343,667	$10,684,000
Pension Expense - 2018	(6,604)	(3,154,758)	(3,161,362)
Pension Expense - 2017	315,847	1,004,340	1,320,187
Change in Pension Expense	$ (322,451)	$ (4,159,098)	$(4,481,549)

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$100,793	$322,029	$422,822
Difference between District contributions and proportionate share of contributions	4,563	3,541	8,104
Changes in proportion share	120,585	247,465	368,050
Changes in assumptions	121,019	1,824,855	1,945,874
District contributions subsequent to the measurement date	191,845	570,724	762,569
Total Deferred Outflows of Resources	$538,805	$2,968,614	$3,507,419
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$9,594	$272,193	$281,787
Differences between expected and actual experience	0	67,246	67,246
Changes in proportion share and difference between District contribution and proportionate share of contributions	-	101,418	101,418
Total Deferred Inflows of Resources	$9,594	$440,857	$450,451

$762,569 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	$158,543	$443,630	$602,173
2020	184,466	811,669	996,135
2021	48,917	581,327	630,244
2022	(54,560)	120,407	65,847
Total	$337,366	$1,957,033	$2,294,399

10. DEFINED PENSION BENEFIT 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 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

10. DEFINED PENSION BENEFIT PLANS (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results on an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability were the same as the prior measurement date: (a) the assumed rate of inflation was 3.00%, (b) payroll growth assumption was 3.50%, (c) assumed real wage growth was 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members used 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 followed RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled member used the 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.

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

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

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

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	$3,247,774	$2,340,333	$1,580,166

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

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:

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 %	6.25 %

*10-Year annualized 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 Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's 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:

10. DEFINED PENSION BENEFIT PLANS (Continued)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	$11,960,363	$8,343,667	$5,297,143

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

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

11. DEFINED BENEFIT OPEB PLAN

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.

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.

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

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

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

11. DEFINED BENEFIT OPEB PLAN (Continued)

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.

The District's contractually required contribution to SERS was $7,105 for fiscal year 2018. Of this amount $424 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. 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 Ohio did not allocate any employer contributions to post-employment health care.

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

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 OPEB plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

11. DEFINED BENEFIT OPEB PLAN (Continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability - current measurement date	0.039932%	0.03512352%	
Proportionate Share of the Net OPEB Liability	$1,071,662	$1,370,390	$2,442,052
OPEB Expense	$3,627	($411,064)	($407,437)

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	$0	$79,107	$79,107
Changes in proportion share	27,263	0	27,263
District contributions subsequent to the measurement date	7,105	0	7,105
Total Deferred Outflows of Resources	$34,368	$79,107	$113,475
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$2,839	$58,573	$61,412
Changes in assumptions	101,695	110,390	212,085
Total Deferred Inflows of Resources	$104,534	$168,963	$273,497

11. DEFINED BENEFIT OPEB PLAN (Continued)

$7,105 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	($27,678)	($19,857)	($47,535)
2020	(27,678)	(19,857)	(47,535)
2021	(21,205)	(19,857)	(41,062)
2022	(710)	(19,856)	(20,566)
2023	0	(5,216)	(5,216)
Thereafter	0	(5,213)	(5,213)
Total	($77,271)	($89,856)	($167,127)

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.

11. DEFINED BENEFIT OPEB PLAN (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.

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

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

Discount Rate The 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 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.

11. DEFINED BENEFIT OPEB PLAN (Continued)

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	$1,294,168	$1,071,662	$895,380

	1% Decrease % 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	$869,573	$1,071,662	$1,339,130

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.

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

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

STRS 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:

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 %	6.25 %

*10-Year annualized 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 Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the 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	$1,839,727	$1,370,390	$999,461

	1% Decrease	Current Trent Rate	1% Increase
District's proportionate share of the net OPEB liability	$952,088	$1,370,390	$1,920,924

12. COMPENSATED ABSENCES

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment up to an accumulation of 25 days. The Treasurer and Superintendent can accumulate the maximum allowed by the law, currently 60 days. Only 260 day employees earn vacation time.

Administrators, classified and certificated employees earn sick leave at the rate of one and one-fourth days per month. For all employees, sick leave may be accumulated up to a maximum of 300 days and upon retirement payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

Teachers, administrators, and classified employees earn three personal leave days per year. From 1987-2013, teachers and non-teaching bargaining unit members accumulated unused personal leave for the purpose of severance pay only. Upon resignation (after 4 years of employment) or retirement, teaching bargaining unit members receive $100 and non-teaching bargaining unit members receive $70 for each accumulated day of personal leave upon retirement.

All employees hired prior to 2013 are grandfathered under this language. A new personal leave incentive became effective in the 2013-14 year. Teachers and non-teaching bargaining unit members receive a lump sum payment, of varying amounts based on the number of unused personal days, no later than the end of summer following each school year.

B. Insurance Benefits

The District provides life insurance through Assurant, dental insurance through Delta Dental and vision insurance through VSP to its employees. Medical and surgical benefits for most employees are provided through Anthem Blue Cross and Blue Shield with pharmaceutical benefits provided through CVS/Caremark. All of the insurance benefits are purchased through the Southwestern Ohio Educational Purchasing Council.

13. LONG-TERM OBLIGATIONS

During the year ended June 30, 2018, the following changes occurred in obligations reported in the Government -Wide Financial Statements:

	Restated Balance at 6/30/17	Additions	Deductions	Balance at 6/30/18	Due Within One Year
Refunding Permanent Improvement Bonds 2012 Variable Rate	$2,374,999	$0	$225,000	$2,149,999	$225,000
Accretion on Capital Appreciation Bonds	175,035	51,358	0	226,393	0
Premium	196,160	0	17,832	178,328	0
Energy Conservation Notes Payable	303,700	0	75,900	227,800	75,900
Compensated Absences Payable	578,718	241,835	209,162	611,391	83,943
Net OPEB Liability					
SERS	1,138,201	0	66,539	1,071,662	0
STRS	1,878,415	0	508,025	1,370,390	0
Net Pension Liability					
SERS	2,785,685	0	445,352	2,340,333	0
STRS	11,901,608	0	3,557,941	8,343,667	0
Total	$21,332,521	$293,193	$5,105,751	$16,519,963	$384,843

A. School Improvement Refunding Bonds

On August 10, 2011, the District issued $2,959,999 in school improvement refunding bonds for the purpose of partially refunding the 2002 permanent improvement bonds. The bonds were issued for a 17-year period with final maturity during fiscal year 2028. The bonds will be paid from the Bond Retirement Debt Service Fund.

Capital appreciation bonds were issued at $94,999. The capital appreciation bonds mature in fiscal year 2020 and 2021 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2012. The maturity amount of the capital appreciation bonds is $465,000. For fiscal year 2018, the capital appreciation bonds were accreted $51,358.

13. LONG-TERM OBLIGATIONS – (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2019	$225,000	$75,350	$300,350
2020	52,309	254,666	306,975
2021	42,690	259,285	301,975
2022	235,000	67,275	302,275
2023	245,000	58,288	303,288
2024-2028	1,350,000	139,600	1,489,600
Total	$2,149,999	$854,464	$3,004,463

B. Energy Conservation Notes

During 2011, the District issued $835,000 in energy conservation notes under the Qualified School Construction Bond program that will rebate just under one hundred percent of the interest costs from the Federal government. The notes were issue for a twelve year period with a final maturity of March 1, 2021. The notes will be retired from the general fund and used for updating various lighting and other electrical items throughout the school.

Principal requirements to retire the energy conservation notes outstanding at June 30, 2018, are as follows:

Year Ending June 30,	Principal
2019	$75,900
2020	75,900
2021	76,000
Total	$227,800

The compensated absences, OPEB liability and the net pension liability will be paid from the funds from which the employees' salaries are paid.

The District's voted legal debt margin of $10,670,879,energy conservation debt margin of $1,031,495 with an unvoted debt margin of $139,922 at June 30, 2018.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Acquisition
Set-aside Cash Balance as of June 30, 2017	$0
Current Year Set-aside Requirement	135,808
Offset for permanent improvement levy	(127,178)
Qualifying Disbursements	(158,988)
Total	($150,358)

Although the District had qualifying disbursements during the year that reduced the capital acquisition to below zero; however, the amount is not carried forward to the next fiscal year.

15. INTERFUND TRANSACTIONS

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	$13,051	$0	$0	$20,363
Non-Major Special Revenue	0	13,051	20,363	0
Total All Funds	$13,051	$13,051	$20,363	$20,363

The interfund payables from the General Fund to the nonmajor funds relate to short term advances to the Food Service, District Managed Activities, Miscellaneous State Grants, and Miscellaneous Federal Grant funds that will be repaid in the following year when those reimbursements are received. The transfer from the General Fund to the District Managed Activities fund was to cover general athletic costs.

16. FUND BALANCE ALLOCATION

The District has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

Fund Balances:	General	Bond Retirement	Non-Major Funds
Restricted for:			
Debt Service	$0	$227,925	$0
Capital Improvements	0	0	149,776
Contributor restrictions	0	0	2,652
District Activities	0	0	27,641
Assigned to:			
Encumbrances	94,865		
Public School Support	57,168	0	0
Budgeted Appropriation	266,999	0	0
Unassigned	5,115,174	0	(24,506)
Total Fund Balances	$5,534,206	$227,925	$155,563

The assigned balance for public school support comes from funds the Treasurer places in a separate fund derived from various receipts at the different schools. The Treasurer also encumbers certain funds for future payment.

17. JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Educational Computer Association (MVECA)

The District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Beavercreek, Fairborn, Xenia and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The District paid MVECA $33,617 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

B. Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain reduced prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

17. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund and Federal Title Funds. During fiscal year 2018, the Yellow Springs Exempted Village School District paid $0 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center Drive, Vandalia, Ohio 45377.

C. Greene County Career Center

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385.

18. GROUP PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven-member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or Treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

19. CONTINGENCIES

A. Grants

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

B. Litigation

The District is currently involved in litigation with the District as defendant although the impact on the financial statements can not be determined by June 30, 2018.

C. School Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end.

The District received an additional $2,869 during fiscal year 2019 as result of enrollment adjustment.

20. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

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

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

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

20. ACCOUNTABILITY AND COMPLIANCE (continued)

Net Position June 30, 2017	($4,651,890)
Adjustments:	
Net OPEB Liability	(3,016,616)
Restated Net Position June 30, 2017	($7,668,506)

B. Deficit Fund Balances

At June 30, 2018, the following funds had a deficit fund balance:

Funds	Amounts
Food Service	$ 8,505
Miscellaneous State Grants	15,300
Title VI-B Grants	199
Title I Grants	502

The deficits in the funds were due to timing of grant reimbursement at year end and gaap adjustments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2017	2016	2015	2014	2013
The District's Proportion of the Net Pension Liability	0.039170%	0.038061%	0.035768%	0.035093%	0.035093%
The District's Proportion Share of the Net Pension Liability	2,340,333	2,785,685	2,040,934	1,776,037	2,086,868
The District's Covered-Employee Payroll	1,379,464	1,322,043	1,294,886	1,147,973	989,328
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	169.66%	210.71%	157.61%	154.71%	210.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

Amount presented as of the School District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2017	2016	2015	2014	2013
The District's Proportion of the Net Pension Liability	0.03512352%	0.03555583%	0.03425705%	0.03398337%	0.03398337%
The District's Proportion Share of the Net Pension Liability	8,343,667	11,901,608	9,467,647	8,265,932	9,846,324
The District's Covered-Employee Payroll	3,903,507	4,145,179	3,605,657	3,875,477	3,562,769
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	213.75%	287.12%	262.58%	213.29%	276.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

Amount presented as of the School District's measurement date, which is the prior fiscal year.

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Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Contractually Required Contributions	$ 191,845	$ 193,125	$ 185,086	$ 170,666
Contributions in Relation to the Contractually Required Contribution	(191,845)	(193,125)	(185,086)	(170,666)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
The District Covered-Employee Payroll	$1,421,074	$ 1,379,464	$ 1,322,043	$ 1,294,886
Contributions as a Percentage of Covered-Employee Payroll	13.50%	14.00%	14.00%	13.18%

2014	2013	2012	2011	2010	2009
$ 159,109	$ 136,923	$ 146,636	$ 189,493	$ 174,931	$ 165,516
(159,109)	(136,923)	(146,636)	(189,493)	(174,931)	(165,516)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,147,973	$ 989,328	$ 1,090,230	$ 1,507,502	$ 1,291,957	$ 1,682,073
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Contractually Required Contributions	$ 570,724	$ 546,491	$ 580,325	$ 504,792
Contributions in Relation to the Contractually Required Contribution	(570,724)	(546,491)	(580,325)	(504,792)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
The District Covered-Employee Payroll	$4,076,600	$ 3,903,507	$ 4,145,179	$ 3,605,657
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%

2014	2013	2012	2011	2010	2009
$ 503,812	$ 463,160	$ 472,547	$ 539,860	$ 529,272	$ 503,964
(503,812)	(463,160)	(472,547)	(539,860)	(529,272)	(503,964)
$ -	$ -	$ -	$ -	$ -	$ -
$ 3,875,477	$ 3,562,769	$ 3,634,977	$ 4,152,769	$ 4,071,323	$ 3,876,646
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2017	2016
The District's Proportion of the Net OPEB Liability	0.039932%	0.039932%
The District's Proportion Share of the Net OPEB Liability	$ 1,071,662	$ 1,138,201
The District's Covered Payroll	$ 1,379,464	$ 1,322,043
The District's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	77.69%	86.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2016 is not available

Amount presented as of the School District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2017	2016
The District's Proportion of the Net OPEB Liability	0.03512352%	0.03512352%
The District's Proportion Share of the Net OPEB Liability	$ 1,370,390	$ 1,878,415
The District's Covered Payroll	$ 3,903,507	$ 4,145,179
The District's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.11%	45.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2016 is not available

Amount presented as of the School District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Contractually Required Contributions	$ 7,105	$ 22,611	$ 19,796	$ 25,691
Contributions in Relation to the Contractually Required Contribution	(7,105)	(22,611)	(19,796)	(25,691)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
The District Covered Payroll	1,421,074	1,379,464	1,322,043	1,294,886
Contributions as a Percentage of Covered Payroll	0.50%	1.64%	1.50%	1.98%

2014	2013	2012	2011	2010	2009
$ 8,101	$ 6,657	$ 7,399	$ 9,757	$ 9,007	$ 8,521
(8,101)	(6,657)	(7,399)	(9,757)	(9,007)	(8,521)
$ -	$ -	$ -	$ -	$ -	$ -
1,147,973	989,328	1,090,230	1,507,502	1,291,957	1,682,073
0.71%	0.67%	0.68%	0.65%	0.70%	0.51%

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Contractually Required Contributions	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
The District Covered Payroll	4,076,600	3,903,507	4,145,179	3,605,657
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

2014	2013	2012	2011	2010	2009
$ 38,755	$ 35,628	$ 36,350	$ 41,528	$ 40,713	$ 38,766
(38,755)	(35,628)	(36,350)	(41,528)	(40,713)	(38,766)
$ -	$ -	$ -	$ -	$ -	$ -
3,875,477	3,562,769	3,634,977	4,152,769	4,071,323	3,876,646
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Net OPEB Liability

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

The discussion and analysis of Yellow Springs 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, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The net position at the close of the most recent fiscal year was ($4,651,890). The District reports significant balances under *GASB 68 Financial Accounting and Reporting for Pensions* that brought on a proportionate share of the two retirements' net pension liability. These additional pension items are responsible for reducing the net position by $11,550,963. Without these items, the net position for the District would be $6,899,073.

- General revenues accounted for $8,461,402 in revenue or 79.37 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $2,198,812 or 20.63 percent of total revenues of $10,660,214.

- The District had $10,164,337 in expenses related to governmental activities; only $2,198,812 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $8,461,402 were adequate to provide for these programs.

- The general fund and the bond retirement fund are the District's major funds. The general fund had $9,481,298 in revenues and other financing sources and $8,538,609 in expenditures and other financing uses. The general fund balance increased $942,689 from the prior fiscal year. The bond retirement fund had $329,821 in revenues and $308,366 in expenditures. The bond retirement fund balance increased $21,455 from the prior fiscal year based on revenues exceeding expenditures.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all the District's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. deferred inflow of property taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The District maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the District's major funds. The general fund and bond retirement fund are the District's major funds. Data from the other thirteen governmental funds are combined into a single, aggregate presentation.

The District adopts an annual appropriation budget for all of its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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: These four schedules provide additional information on the District's two pension systems as required by GASB 68.

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a comparison of the District's net position for 2016 to 2017.

Table 1

Net Position

Governmental Activities

	2017	2016	Change
Assets			
Current and other assets	$10,927,985	$9,780,163	$1,147,822
Capital assets, net	4,769,384	4,984,047	(214,663)
Total assets	15,697,369	14,764,210	933,159
Deferred Outflows of Resources			
Pension	3,136,330	1,426,048	1,710,282
Liabilities			
Current liabilities	1,070,685	1,011,205	59,480
Long-term liabilities			
Net Pension Liability	14,687,293	11,508,581	3,178,712
Other Long-term liabilities	3,628,612	3,893,926	(265,314)
Total liabilities	19,386,590	16,413,712	2,972,878
Deferred Inflows of Resources			
Property Taxes	4,098,999	4,036,454	62,545
Pensions	0	887,859	(887,859)
Total Deferred Inflows of Resources	4,098,999	4,924,313	(825,314)
Net Position			
Net investment in capital assets	1,894,525	1,795,456	99,069
Restricted	474,168	577,208	(103,040)
Unrestricted (deficit)	(7,020,583)	(7,520,431)	499,848
Total net position	($4,651,890)	($5,147,767)	$495,877

The District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

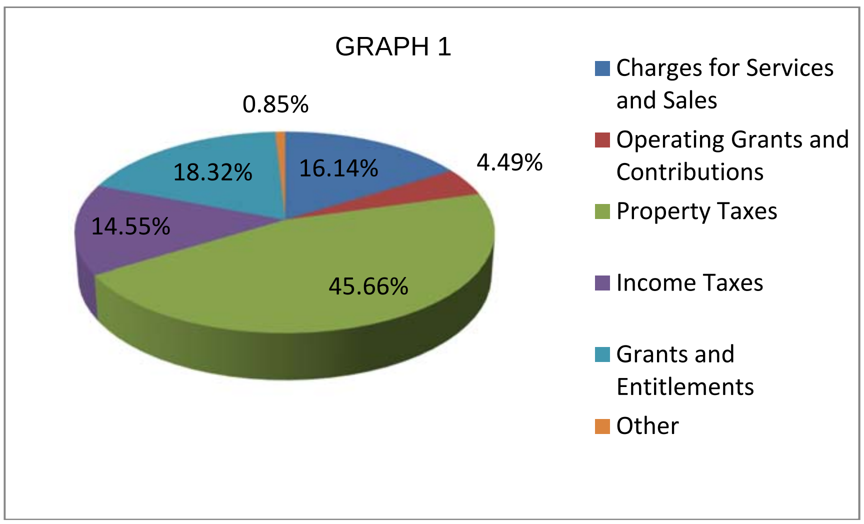
In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

The District continues to generate additional revenue from the prior year tax levy and saw the cash balance across all funds increase over $734,000 and an increase in taxes receivable of $539,000 with the end result of net position increasing almost $500,000 The District saw total liabilities, including net pension liability, increase about 18 percent from fiscal year 2016. Excluding net pension liability, which increased $3.2 million, the School District actually saw liabilities decrease by $206,000.

Table 2 shows the change in revenue from fiscal year 2016 to 2017.

Table 2
Changes in Revenue
Governmental Activities

	2017	2016	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$1,720,576	$1,244,236	$476,340
Operating Grants and Contributions	478,236	519,285	(41,049)
Total Program Revenues	2,198,812	1,763,521	435,291
General Revenues:			
Property Taxes	4,867,083	4,463,771	403,312
Income Taxes	1,551,107	1,382,997	168,110
Grants and Entitlements	1,952,628	2,097,382	(144,754)
Investment Earnings	20,461	18,069	2,392
Miscellaneous	70,123	24,319	45,804
Total General Revenues	8,461,402	7,986,538	474,864
Total Revenues	$10,660,214	$9,750,059	$910,155



Graph 1 breaks down the District's government-wide revenue into percentages by type of revenue.

Table 3 shows the change in program expenses from 2016 to 2017.

Table 3
Total Program Expenses
Governmental Activities

	2017	2016	Change
Expenses:			
Instruction:			
Regular	$4,364,316	$3,772,392	$591,924
Special	1,306,552	1,116,921	189,631
Other	275,474	296,205	(20,731)
Support Services:			
Pupils	495,886	404,447	91,439
Instructional Staff	332,493	276,765	55,728
Board of Education	62,096	116,446	(54,350)
Administration	1,014,250	870,299	143,951
Fiscal/Business	458,699	400,631	58,068
Operation/Maintenance of Plant	720,966	680,530	40,436
Pupil Transportation	248,053	225,295	22,758
Central	134,139	59,783	74,356
Non-Instructional	275,371	253,973	21,398
Extracurricular Activities	349,179	295,257	53,922
Debt Service: Interest & Fiscal Charges	126,863	128,689	(1,826)
Total Expenses	$10,164,337	8,897,633	1,266,704
Net Change	495,877	852,426	($356,549)
Beginning Net Position	5,147,767	(6,000,193)	
Ending Net Position	($4,651,890)	($5,147,767)	

Charges and services increased as the tuition and fees were up over $430,000 as the District collected on prior years funding for reimbursable expenses. The increase in the property taxes is due to larger amount available for advance at year end compared to last year. A majority of the increase in expenses is related to the pension expense recognition for the GASB 68 amortization amounts.

The Major Funds

The District's major funds are accounted for using the modified accrual basis of accounting, focusing on the near term financial resources of the District. The general fund and the bond retirement fund are the two major funds. The general fund accounted for 89.18% of the $10,632,209 in total revenue and other financing sources and 88.52% of the $9,646,169 in total expenditures. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Revenues and other financing sources exceeded expenditures and other financing uses in the general fund by $942,689 creating a year end fund balance of $5,092,288. The bond retirement fund became a major fund in fiscal year 2012 due to the increased revenues and expenditures from the bond refinancing in August, 2011 and has been reported as such even though it no longer qualifies under the requirements.

The general fund recognized $1,045,544 in current liabilities for fiscal year 2017. Accrued wages and benefits accounted for 80.49% of those liabilities. Taxes receivable accounted for 99.46% of the $5,180,632 receivables in the general fund. The property taxes receivable is mostly offset by a deferred inflow because those taxes are not intended to finance the 2017 fiscal year.

General Fund Budgetary

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2017.

Table 4
Original Budget versus Final Budget for General Fund Revenues

	Budget		
	Original	Final	Variance
Revenues			
Property/Income Taxes	$5,372,684	$5,598,510	$225,826
Intergovernmental	1,929,795	2,035,149	105,354
Other	1,293,200	1,534,807	241,607
Total Revenues	$8,595,679	$9,168,466	$572,787

The original revenue estimates come from September 2016 Amended Certificate of Estimated Resources, which is based on the Tax Budget also completed in January, 2016. Property taxes collections were greater than estimates, so the variance was just over 6%.

The final certificate was done at year end so the actual revenues is within one percent of the final budget.

Table 5 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2017.

Table 5
Original Budget versus Final Budget for General Fund Expenditures

	Budget		
	Original	Final	Variance
Expenditures			
Instruction	$5,044,097	$5,127,197	$83,100
Support Services	3,137,122	3,070,400	(66,722)
Other	285,603	326,851	41,248
Total Expenditures	$8,466,822	$8,524,448	$57,626

The original budget comes from the Tax Budget filed in January of 2016. Traditionally, the tax budget expenditures include all possible needs for the future year. The variances within in each expenditure category are very minimal. The actual expenditure total came 0.97% lower than the final budget.

Capital Assets

At the end of the year, the District had $4,769,384 invested in land, land improvements, buildings and building improvements, furniture, fixtures and equipment, and vehicles less accumulated depreciation. Table 6 shows the breakdown of the individual classes for capital assets:

Table 6
Capital Assets
Governmental Activities

Class:	2017	2016	Change
Land	$ 1,238,340	$ 1,238,340	0.00%
Land Improvements	537,457	537,457	0.00%
Buildings and Building Improvements	7,137,020	7,137,020	0.00%
Furniture, Fixtures, Equipment	823,577	789,746	4.28%
Vehicles	225,616	242,206	(6.85%)
Total at Historical Cost	9,962,010	9,944,769	0.17%
Less: Accumulated Depreciation	(5,192,626)	(4,960,722)	4.67%
Capital Assets, Net	**$4,769,384**	**$4,984,047**	**(4.31%)**

The majority of the increase in equipment is for technology used in instruction. For more information on the District's capital assets, refer to Note 8 of the financial statements.

Debt Administration

The District issued $835,000 of Qualified School Construction Bonds in September, 2010 to finance a House Bill 264 energy upgrade project. Qualified School Construction Bonds were derived from the American Recovery and Reinvestment Act (ARRA) of 2009; they receive interest rebates from the Federal government and are considered "interest-free." In 2013, as part of the Federal spending cuts, the interest credits were reduced to 85%. The energy conservation notes retire March 1, 2021 with annual payments being made from the cost savings realized in the general fund. The remaining balance at June 30, 2017 is $303,700.

In June, 2002 the District issued $4,420,000 in permanent improvement bonds with final maturity during fiscal year 2028. The bonds are paid from the Bond Retirement Debt Service Fund. Principal of $2,960,000 from the original issue was refunded and reissued at a lower interest rate in August, 2011. The initial bond was retired during the year. The refunding bond balance at June 30, 2017 is $2,374,999. For further information on the District's obligations, refer to Note 13 of the financial statements.

For the Future

The District has been in a solid financial state due to the passage of the new $915,000/year emergency tax levy on November 6, 2012. The new levy and sizable increases in state funding have contributed to a healthy cash balance. With negotiated raises, the addition of staffing positions, high insurance premium increases, and the need for more technology, deficit spending is on the horizon of the current five-year forecast. The board set a primary objective of avoiding a deficit spending situation for the duration of the five-year forecast that was in existence during the year of the ballot issue; this objective has been achieved. The secondary objective was to make the new levy last for ten years before deficit spending, this is an objective the board discusses often and makes efforts to accomplish. However, with growing areas such as special education, technology, and project based learning (PBL), the district has had to increase spending on staffing, contracted services, and equipment. These added costs will likely remain in the budget permanently and the District will need to look at long-term solutions to covering these costs with additional revenues or expenditure offsets.

The new $915,000 emergency levy was renewed for eight (8) years on May 2, 2017. The term of eight (8) years aligns the expiration with the $1,060,000 emergency levy which was renewed in 2015. The long range plan is to align the two emergency levies to expire at the same time then merge the two in to one levy. The two levies combined comprise 21% of the current district revenue. The $130,000 permanent improvement levy was renewed by voters on November 5, 2013 and will need renewed in 2018. The permanent improvement levy is critical to the upkeep of the District's facilities.

In August of 2016, the District began a facility exploration process. An architect was hired to lead the District through a year-long community engagement process. A facilities assessment was conducted by the Ohio School Facilities Commission. Multiple community forums have been held. The intention is to have a bond issue on the May 8, 2018 ballot. The District has fully implemented a K-12 project/problem based learning (PBL) curriculum. The anticipated effect on the general budget has been minimal because grant/private monies are often sought to fund projects as well as PBL supplies having become part of the routine budget. The District has also created a Deeper Learning Training Center in which other school employees make site visits to our buildings during the school day to see how PBL is applied in the classroom. The revenues from the training center will cover all of the costs as well as provide funds for PBL projects.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Treasurer, Yellow Springs Schools, 201 S. Walnut Street, Yellow Springs, OH 45387. 937.767.7381 Also see: www.ysschools.org

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YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Net Position
June 30, 2017

		Governmental Activities
Assets:		
Equity in Pooled Cash and Investments	$	5,341,886
Cash in Segregated Accounts		2,985
Materials and Supplies Inventory		2,220
Accrued Interest Receivable		2,513
Accounts Receivable		22,842
Intergovernmental Receivable		25,647
Taxes Receivable		4,735,809
Income Taxes Receivable		794,083
Capital Assets:		
Non-Depreciable Capital Assets		1,238,340
Depreciable Capital Assets, net		3,531,044
Total Assets		15,697,369
Deferred Outflows		
Pension		3,136,330
Liabilities		
Accounts Payable		13,464
Accrued Wages and Benefits		864,790
Intergovernmental Payable		185,402
Accrued Interest Payable		7,029
Long-Term Liabilities:		
Due Within One Year		379,947
Due in More Than One Year		
Net Pension Liability		14,687,293
Other Long-Term Liabilities		3,248,665
Total Liabilities		19,386,590
Deferred Inflows of Resources:		
Property Taxes		4,098,999
Net Position:		
Net investment in Capital Assets		1,894,525
Restricted for Debt Service		258,842
Restricted for Capital		183,977
Restricted for Other Purposes		31,349
Unrestricted (Deficit)		(7,020,583)
Total Net Position	$	(4,651,890)

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Activities
For the Fiscal Year Ended June 30, 2017

		Program Revenues		Net(Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$ 4,364,316	$ 1,514,764	$ 22,267	$ (2,827,285)
Special	1,306,552	0	205,144	(1,101,408)
Other	275,474	0	0	(275,474)
Support Services:				
Pupils	495,886	12,947	50,064	(432,875)
Instructional Staff	332,493	0	3,521	(328,972)
Board of Education	62,096	0	0	(62,096)
Administration	1,014,250	3,751	0	(1,010,499)
Fiscal	367,139	0	0	(367,139)
Business	91,560	0	0	(91,560)
Operation and Maintenance of Plant	720,966	0	0	(720,966)
Pupil Transportation	248,053	0	0	(248,053)
Central	134,139	0	3,600	(130,539)
Operation of Non-Instructional Services	275,371	115,391	152,478	(7,502)
Extracurricular Activities	349,179	73,723	41,162	(234,294)
Debt Service:				
Interest and Fiscal Charges	126,863	0	0	(126,863)
Totals	$ 10,164,337	$ 1,720,576	$ 478,236	(7,965,525)

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	4,452,994
Property Taxes, Levied for Capital	133,581
Property Taxes, Levied for Debt Service	280,508
Income Taxes	1,551,107
Grants and Entitlements not Restricted to Specific Programs	1,952,628
Investment Earnings	20,461
Miscellaneous	70,123
Total General Revenues	8,461,402
Change in Net Position	495,877
Net Position Beginning of Year	(5,147,767)
Net Position End of Year	$ (4,651,890)

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	$ 4,907,823	$ 233,069	$ 200,994	$ 5,341,886
Cash in Segregated Accounts	0	0	2,985	2,985
Materials and Supplies Inventory	0	0	2,220	2,220
Accrued Interest Receivable	2,513	0	0	2,513
Accounts Receivable	22,842	0	0	22,842
Intergovernmental Receivable	0	0	25,647	25,647
Interfund Receivable	2,411	0	0	2,411
Property Taxes Receivable	4,358,783	248,165	128,861	4,735,809
Income Taxes Receivable	794,083	0	0	794,083
Total Assets	$ 10,088,455	$ 481,234	$ 360,707	$ 10,930,396
Liabilities				
Current Liabilities:				
Accounts Payable	11,859	0	1,605	13,464
Accrued Wages and Benefits	841,521	0	23,269	864,790
Intergovernmental Payable	177,829	0	7,573	185,402
Interfund Payable	0	0	2,411	2,411
Matured Compensated Absences Payable	14,335	0	0	14,335
Total Liabilities	1,045,544	0	34,858	1,080,402
Deferred Inflows of Resources				
Property Taxes	3,849,780	219,277	113,326	4,182,383
Income Taxes	100,843	0	0	100,843
Total Deferred Inflows of Resources	3,950,623	219,277	113,326	4,283,226
Fund Balances				
Restricted	0	261,957	213,180	475,137
Assigned	70,441	0	0	70,441
Unassigned (Deficit)	5,021,847	0	(657)	5,021,190
Total Fund Balances	5,092,288	261,957	212,523	5,566,768
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,088,455	$ 481,234	$ 360,707	$ 10,930,396

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2017

Total Governmental Fund Balances		$	5,566,768
Amounts reported for governmental activities on the statement of Net Position are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.			4,769,384
Revenues that do not provide current financial resources are not reported as revenues in governmental funds.			184,227
The pension liability is not due and payables in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.			(11,550,963)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:			
Accrued Interest Payable	(7,029)		
General Obligation Bonds and Notes Payable	(3,049,894)		
Compensated Absences Payable	(564,383)		
			(3,621,306)
Net Position of Governmental Activities		$	(4,651,890)

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	$ 4,438,948	$ 281,503	$ 133,337	$ 4,853,788
Income Taxes	1,543,045	0	0	1,543,045
Intergovernmental	1,886,266	48,318	496,280	2,430,864
Interest	20,461	0	0	20,461
Tuition and Fees	1,514,764	0	850	1,515,614
Rent	3,751	0	0	3,751
Extracurricular Activities	8,570	0	58,604	67,174
Gifts and Donations	19,337	0	5,699	25,036
Customer Sales and Services	12,947	0	113,551	126,498
Miscellaneous	32,954	0	1,840	34,794
Total Revenues	9,481,043	329,821	810,161	10,621,025
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,832,289	0	28,363	3,860,652
Special	1,026,119	0	201,358	1,227,477
Other	275,063	0	411	275,474
Support Services:				
Pupils	413,301	0	60,818	474,119
Instructional Staff	246,579	0	65,301	311,880
Board of Education	62,096	0	0	62,096
Administration	935,551	0	0	935,551
Fiscal	342,597	1,816	852	345,265
Business	26,139	0	0	26,139
Operation and Maintenance of Plant	697,626	0	2,200	699,826
Pupil Transportation	207,941	0	11,184	219,125
Central	123,641	0	3,600	127,241
Operation of Non-Instructional Services	2,750	0	271,447	274,197
Extracurricular Activities	247,797	0	67,923	315,720
Capital Outlay	11,064	0	85,737	96,801
Debt Service:				
Principal	75,900	220,000	0	295,900
Interest	1,227	86,550	0	87,777
Total Expenditures	8,527,680	308,366	799,194	9,635,240
Excess of Revenues Over (Under) Expenditures	953,363	21,455	10,967	985,785
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	255	0	0	255
Transfers In	0	0	10,929	10,929
Transfers Out	(10,929)	0	0	(10,929)
Total Other Financing Sources (Uses)	(10,674)	0	10,929	255
Net Change in Fund Balances	942,689	21,455	21,896	986,040
Fund Balance at Beginning of Year	4,149,599	240,502	190,627	4,580,728
Fund Balance at End of Year	$ 5,092,288	$ 261,957	$ 212,523	$ 5,566,768

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 986,040
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital additions	50,695	
Depreciation	(265,358)	
		(214,663)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Income Taxes	8,062	
Delinquent Property Taxes	13,295	
		21,357
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:		
Change in compensated absences payable	9,069	
Decrease in accrued interest payable	4,065	
Accretion on bonds	(43,151)	
		(30,017)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		739,616
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,320,188)
Issuance and repayment of long-term debt is reported as an expenditure or other financing sources in governmental funds, but the issuance or repayment impacts long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:		
Premium on refunding bonds	17,832	
Bond payments	220,000	
Note payments	75,900	
		313,732
Change in Net Position of Governmental Activities		$ 495,877

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Property and Other Local Taxes	$ 3,933,000	$ 4,142,262	$ 4,142,262	$ 0
Income Tax	1,439,684	1,456,248	1,406,248	(50,000)
Intergovernmental	1,929,795	2,035,149	1,999,768	(35,381)
Interest	12,000	21,664	21,664	0
Tuition and Fees	1,274,000	1,492,943	1,492,943	0
Rent	4,000	3,751	3,751	0
Extracurricular Activities	0	28	28	0
Customer Sales and Service	0	12,947	12,947	0
Miscellaneous	3,200	3,474	3,474	0
Total Revenues	8,595,679	9,168,466	9,083,085	(85,381)
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,818,158	3,802,458	3,778,273	24,185
Special	925,939	1,045,739	1,026,160	19,579
Other	300,000	279,000	275,063	3,937
Support Services:				
Pupils	443,393	409,593	384,038	25,555
Instructional Staff	252,307	252,220	244,262	7,958
Board of Education	72,489	61,189	57,554	3,635
Administration	928,046	928,046	921,986	6,060
Fiscal	393,581	359,981	367,883	(7,902)
Business	25,000	25,000	26,139	(1,139)
Operation and Maintenance of Plant	649,899	657,206	674,830	(17,624)
Pupil Transportation	219,128	216,528	216,346	182
Central	153,279	160,637	155,498	5,139
Operation of Non-Instructional Services	6,000	2,750	2,750	0
Extracurricular Activities	201,903	217,209	204,346	12,863
Capital Outlay	0	29,764	29,764	0
Debt Service				
Principal	75,900	75,900	75,900	0
Interest	1,800	1,228	1,227	1
Total Expenditures	8,466,822	8,524,448	8,442,019	82,429
Excess of Revenues (Under) Expenditures	128,857	644,018	641,066	(2,952)
OTHER FINANCING SOURCES (USES)				
Advances In	6,230	6,230	6,230	0
Proceeds from Sale of Capital Assets	0	255	255	0
Refund of Prior Year Expenditures	42,000	93,179	93,179	0
Transfers Out	(15,000)	(20,000)	(10,929)	9,071
Advances Out	(10,000)	(5,000)	(2,411)	2,589
Total Other Financing Sources and Uses	23,230	74,664	86,324	11,660
Net Change in Fund Balances	152,087	718,682	727,390	8,708
Fund Balance at Beginning of Year	4,108,364	4,108,364	4,108,364	0
Fund Balance at End of Year	$ 4,260,451	$ 4,827,046	$ 4,835,754	$ 8,708

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

Statement of Fiduciary Assets and Liabilities -
Agency Fund
June 30, 2017

		Agency Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Investments	$	33,808
Total Assets		33,808
Liabilities		
Current Liabilities:		
Undistributed Monies		33,808
Total Liabilities	$	33,808

See Accompanying Notes to the Basic Financial Statements

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Yellow Springs Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Yellow Springs Exempted Village School District is a school district as defined by §3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The Board oversees the operations of the District's three instructional/support facilities staffed by 36 non-certified and 56 certified full-time teaching personnel who provide services to 759 students and other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District does not have any component units.

The District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are Miami Valley Educational Computer Association, Southwestern Ohio Educational Purchasing Council, Greene County Career Center, Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, and Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, respectively. These organizations are presented in Notes 17 and 18 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The other governmental funds of the District account for grants and other resources and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The District maintains two fiduciary funds. An agency fund known as the Students Activities Fund, which was established to account for revenues generated by student managed activities. The second agency fund accounts for OHSAA tournament activities. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

C. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statement of net position reports 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. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as a deferred inflow. The deferred inflow of resources related to pension are explained in Note 10.

Pension

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures/Expenses

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

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

E. Budgetary Process

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

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal 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. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. "Cash in segregated accounts" relates to the balance available in the District's athletic fund account.

During fiscal year 2017, investments were limited to governmental agency securities, money market funds, certificate of deposits, and sweep accounts.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to $20,461 with $1,989 assigned from other District funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For presentation of the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Capital Assets

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

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

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

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

I. Compensated Absences

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Of the District's $474,168 in restricted net position, none were restricted by enabling legislation.

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

L. Fund Balance

The District reports the following categories:

- Restricted fund balances related to money received from local, state or federal grants or maintained in segregated accounts for construction.
- Assigned fund balances are balances the District administration have specified the future use.
- Residual fund balance within the general fund and any fund with a negative balance in other governmental funds is reported as unassigned fund balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When the District has multiple fund balances available within a particular fund, the District will spend the funds in the following order –restricted, assigned then unassigned.

M. Interfund Activity

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

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

N. Estimates

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

O. Pass-Through Grants

The Race to the Top, Handicapped Preschool and Integration of School and Mental Health special revenue funds are pass-through grants in which the Educational Service Center is the primary recipient. In accordance with GASB Statement 24, "Accounting and Financial Reporting or Certain Grants and Other Financial Assistance," the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses. Total amount recorded for revenues and expenditures was $16,057 under these programs.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual 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 fund financial statements are the following:

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

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

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).

5. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Excess of Revenues and Other Financing Sources
Over Expenditures and Other Financing Uses

GAAP Basis	$942,689
Revenue Accruals	(344,105)
Expenditure Accruals	139,078
GASB 54 Funds	5,639
Encumbrances	(19,730)
Advances	3,819
Budget Basis	$727,390

4. DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 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 monies are those monies that 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 held by the District can be deposited or invested in the following securities:

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

4. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security 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 agreement by at least two percent and to 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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible in institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

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.

Deposits

Custodial credit risk for deposits 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. At year end, none of the District's bank balance of $104,092 was exposed to custodial credit risk because it was insured by FDIC.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

4. DEPOSITS AND INVESTMENTS (Continued)

Measurement/Investment Type	Fair Value	Maturities Less than One Year	Maturities One Year to Three Years
Federal National Mortgage Association Note	$399,260	$399,260	$0
Fifth Third Government Money Market funds	260,872	260,872	0
Certificates of Deposit	1,249,210	749,423	499,787
Sweep Account	3,448,494	3,448,494	0
Total	$5,357,836	$4,858,049	$499,787

The District's investments are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The District follows Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any district to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which school district are legally allowed to participate in. The District has no policy limiting investments based on credit risk other than those established by the ORC. The Federal National Mortgage Association Note is rated as a AAA by Standard and Poors. The Fifth Third Government Money Market funds, certificates of deposit and sweep account are not rated.

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 Fifth Third Government Money Market fund and the FNMA bond 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. The Certificate of Deposits are 100% FDIC insured.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's has 7.45% of its investments in Federal National Mortgage Association Notes, 4.87% of its investments in the Fifth Third Government Money Market funds, 23.32% of its investments in Certificate of Deposits and remaining 64.36% were invested in sweep account.

5. PROPERTY TAXES

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

5. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes for 2015 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 real and tangible personal property taxes for 2017 were levied after April 1, 2016, on the assessed values as of December 31, 2015, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2017 (other than public utility property) represent the collection of calendar year 2017 taxes. Tangible personal property taxes for 2017 were levied after April 1, 2016, on the value as of December 31, 2016. Tangible personal property has been phased out with the prior year other than tangible personal property on public utilities. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Greene and Clark Counties. The county auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2017 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2017, was $509,003 in the General Fund, $28,888 in the Bond Retirement fund and $15,535 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2016, was $212,317 in the General Fund, $16,668 in the Bond Retirement fund and $6,418 in the Non-major Governmental Funds. The assessed values upon which the fiscal year 2017 taxes were collected are:

5. PROPERTY TAXES (Continued)

	2016 Second-Half Collections		2017 First-Half Collections	
	Amount	**Percent**	**Amount**	**Percent**
Agricultural/Residential	$116,754,550	89.53%	$117,612,060	89.28%
Industrial/Commercial	12,063,930	9.25%	12,475,230	9.47%
Public Utility	1,585,410	1.22%	1,642,280	1.25%
Total Assessed Value	$130,403,890	100.00%	$131,729,570	100.00%
Full Tax rate per $1,000 of assessed valuation	$71.00		$71.00	

6. INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2002, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenues in the amount of $1,543,045 were credited to the General Fund during fiscal year 2017.

7. RECEIVABLES

Receivables at June 30, 2017, consisted of property and income taxes, accounts (rent and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Title VI-B Grant	$14,595
Title I Grant	11,052
Total Intergovernmental Receivables	$25,647

8. CAPITAL ASSETS

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

	Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17
Governmental Activities				
Nondepreciable Capital Assets				
Land	$1,238,340	$0	$0	$1,238,340
Total Nondepreciable Capital Assets	1,238,340	0	0	1,238,340
Depreciable Capital Assets				
Land Improvements	537,457	0	0	537,457
Buildings and Building Improvements	7,137,020	0	0	7,137,020
Furniture, Fixtures, and Equipment	789,746	39,511	(5,680)	823,577
Vehicles	242,206	11,184	(27,774)	225,616
Total Depreciable Capital Assets	8,706,429	50,695	(33,454)	8,723,670
Less Accumulated Depreciation				
Land Improvements	(375,477)	(19,975)	0	(395,452)
Buildings and Building Improvements	(3,923,172)	(205,272)	0	(4,128,444)
Furniture, Fixtures, and Equipment	(435,923)	(25,505)	5,680	(455,748)
Vehicles	(226,150)	(14,606)	27,774	(212,982)
Total Accumulated Depreciation	(4,960,722)	(265,358)	33,454	(5,192,626)
Depreciable Capital Assets, Net	3,745,707	(214,663)	0	3,531,044
Governmental Activities Capital Assets, Net	$4,984,047	($214,663)	$0	$4,769,384

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$178,956
Support Services:	
Business	51,219
Operation and Maintenance of Plant	4,256
Pupil Transportation	12,319
Central	6,652
Operation of Non-Instructional Services	919
Extracurricular Activities	11,037
Total Depreciation Expense	$265,358

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the District contracted with Liberty Mutual for general liability insurance with a $1,000,000 single occurrence limit and a $2,000,000 general aggregate and $2,000,000 products completed operations aggregate limit. Property is protected by Ohio Casualty with a $24,743,127 aggregate limit and holds a $2,500 deductible.

The District's vehicles are covered under a business policy with Liberty Mutual, which carries a $2,000,000 limit on any accident with a $100 comp/$250 collision deductible.

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

B. Workers' Compensation

For fiscal year 2017, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Medical Benefits

For fiscal year 2017, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool. The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to the EPC. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

10. DEFINED PENSION BENEFIT PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – The District's 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:

10. DEFINED PENSION BENEFIT PLANS (continued)

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30 or $86 multiplied by the years of service. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. Nothing was allocated to the Health Care Fund for fiscal year 2017.

The District's contractually required contribution to SERS was $193,125 for fiscal year 2017. Of this amount $19,250 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

10. DEFINED PENSION BENEFIT PLANS (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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 and at least age 60.

The DC Plan allows members to place 2.0% of 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, 12.0% of the 14.0% member rate goes to the DC Plan and the remaining 2.0% 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 schedules of employer allocations and pension amounts by employer.

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 the fiscal year ended June 30, 2017, 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 2017 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was $546,491 for fiscal year 2017. Of this amount $87,573 is reported as an intergovernmental payable.

10. DEFINED PENSION BENEFIT PLANS (continued)

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$2,785,685	$11,901,608	$14,687,293
Proportion of the Net Pension Liability	0.038061%	0.03555583%	
Pension Expense	$315,847	$1,004,340	$1,320,187

At June 30, 2017, 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	$37,420	$480,549	$517,969
Differences between actual/proportionate share	9,317	7,083	16,400
Net difference between projected and actual earnings on pension plan investments	232,727	994,544	1,227,271
Changes in proportion share	114,721	334,393	449,114
Changes in assumptions	185,960	0	185,960
District contributions subsequent to the measurement date	193,125	546,491	739,616
Total Deferred Outflows of Resources	$773,270	$2,363,060	$3,136,330

$739,616 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

10. DEFINED PENSION BENEFIT PLANS (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$163,555	$326,090	$489,645
2019	163,202	326,090	489,292
2020	187,338	698,701	886,039
2021	66,050	465,688	531,738
Total	$580,145	$1,816,569	$2,396,714

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

For 2016, the mortality assumptions are that 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, For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement. Special mortality tables used for the period after the disability retirement.

10. DEFINED PENSION BENEFIT PLANS (continued)

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

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

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

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

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

Sensitivity of the 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	$3,688,073	$2,785,685	$2,030,348

10. DEFINED PENSION BENEFIT PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years; one year set back from age 80 through 89 and not set back from age 90 and above.

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Allocation	Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

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

10. DEFINED PENSION BENEFIT PLANS (continued)

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 7.75 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	$15,816,270	$11,901,608	$8,599,360

Changes Between Measurement Date and Report Date

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. Although the exact amount of these changes is not known, the impact to the District's net pension liability is expected to be significant.

11. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Postemployment Benefits
In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

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

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

11. POSTEMPLOYMENT BENEFITS (continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at $23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015, were $22,611, $19,796 and $25,691, respectively. The full amount has been contributed for fiscal years 2017, 2016, and 2015.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS allocated 0 percent of the employer contributions to post-employment health care. For fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

12. COMPENSATED ABSENCES

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment up to an accumulation of 25 days. The Treasurer and Superintendent can accumulate the maximum allowed by the law, currently 60 days. Only 260 day employees earn vacation time.

Administrators, classified and certificated employees earn sick leave at the rate of one and one-fourth days per month. For all employees, sick leave may be accumulated up to a maximum of 300 days and upon retirement payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

Teachers, administrators, and classified employees earn three personal leave days per year. From 1987-2013, teachers and non-teaching bargaining unit members accumulated unused personal leave for the purpose of severance pay only. Upon resignation (after 4 years of employment) or retirement, teaching bargaining unit members receive $100 and non-teaching bargaining unit members receive $70 for each accumulated day of personal leave upon retirement.

All employees hired prior to 2013 are grandfathered under this language. A new personal leave incentive became effective in the 2013-14 year. Teachers and non-teaching bargaining unit members receive a lump sum payment, of varying amounts based on the number of unused personal days, no later than the end of summer following each school year.

B. Insurance Benefits

The District provides life insurance through Assurant, dental insurance through Delta Dental and vision insurance through VSP to its employees. Medical and surgical benefits for most employees are provided through Anthem Blue Cross and Blue Shield with pharmaceutical benefits provided through CVS/Caremark. All of the insurance benefits are purchased through the Southwestern Ohio Educational Purchasing Council.

13. LONG-TERM OBLIGATIONS

During the year ended June 30, 2017, the following changes occurred in obligations reported in the Government -Wide Financial Statements:

	Balance at 6/30/16	Additions	Deductions	Balance at 6/30/17	Due Within One Year
Refunding Permanent Improvement Bonds 2012 Variable Rate	$2,594,999	$0	$220,000	$2,374,999	$225,000
Accretion on Capital Appreciation Bonds	131,884	43,151	0	175,035	0
Premium	213,992	0	17,832	196,160	0
Energy Conservation Notes Payable	379,600	0	75,900	303,700	75,900
Compensated Absences Payable	573,451	208,545	203,278	578,718	79,047
Net Pension Liability					
SERS	2,040,934	744,751	0	2,785,685	0
STRS	9,467,647	2,433,961	0	11,901,608	0
Total	$15,402,507	$3,430,408	$517,010	$18,315,905	$379,947

A. School Improvement Refunding Bonds

On August 10, 2011, the District issued $2,959,999 in school improvement refunding bonds for the purpose of partially refunding the 2002 permanent improvement bonds. The bonds were issued for a 17-year period with final maturity during fiscal year 2028. The bonds will be paid from the Bond Retirement Debt Service Fund.
Capital appreciation bonds were issued at $94,999. The capital appreciation bonds mature in fiscal year 2020 and 2021 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2012. The maturity amount of the capital appreciation bonds is $465,000. For fiscal year 2017, the capital appreciation bonds were accreted $43,151.

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$225,000	$81,538	$306,538
2019	225,000	75,350	300,350
2020	52,309	254,666	306,975
2021	42,690	259,285	301,975
2022	235,000	67,275	302,275
2023-2027	1,300,000	191,988	1,491,988
2028	295,000	5,900	300,900
Total	$2,374,999	$936,002	$3,311,001

13. LONG-TERM OBLIGATIONS – (Continued)

B. Energy Conservation Notes

During 2011, the District issued $835,000 in energy conservation notes under the Qualified School Construction Bond program that will rebate just under one hundred percent of the interest costs from the Federal government. The notes were issue for a twelve year period with a final maturity of March 1, 2021. The notes will be retired from the general fund and used for updating various lighting and other electrical items throughout the school.

Principal requirements to retire the energy conservation notes outstanding at June 30, 2017, are as follows:

Year Ending June 30,	Principal
2018	$75,900
2019	75,900
2020	75,900
2021	76,000
Total	$303,700

The compensated absences and the net pension liability will be paid from the funds from which the employees' salaries are paid.

The District's voted legal debt margin of $9,742,619, energy conservation debt margin of $881,866 with an unvoted debt margin of $131,730 at June 30, 2017.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Acquisition
Set-aside Cash Balance as of June 30, 2016	$0
Current Year Set-aside Requirement	124,544
Offset for permanent improvement levy	(124,220)
Qualifying Disbursements	(150,535)
Total	($150,211)

Although the District had qualifying disbursements during the year that reduced the capital acquisition to below zero; however, the amount is not carried forward to the next fiscal year.

15. INTERFUND TRANSACTIONS

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	$2,411	$0	$0	$10,929
Non-Major Special Revenue	0	2,411	10,929	0
Total All Funds	$2,411	$2,411	$10,929	$10,929

The interfund payables from the General Fund to the nonmajor funds relate to short term advances to the food service fund that will be repaid in the following year when those reimbursements are received. The transfer from the General Fund to the District Managed Activities fund was to cover general athletic costs.

16. FUND BALANCE ALLOCATION

The District has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

Fund Balances:	General	Bond Retirement	Non-Major Funds
Restricted for:			
Debt Service	$0	$261,957	$0
Capital Improvements	0	0	181,834
Contributor restrictions	0	0	1,708
District Activities	0	0	29,638
Assigned to:			
Encumbrances	19,730		
Public School Support	50,711	0	0
Unassigned	5,021,847	0	(657)
Total Fund Balances	$5,092,288	$261,957	$212,523

The assigned balance for public school support comes from funds the Treasurer places in a separate fund derived from various receipts at the different schools. The Treasurer also encumbers certain funds for future payment.

17. JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Educational Computer Association (MVECA)

The District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Beavercreek, Xenia and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

17. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The District paid MVECA $48,876 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

B. Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain reduced prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund and Federal Title Funds. During fiscal year 2017, the Yellow Springs Exempted Village School District paid $775 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center Drive, Vandalia, Ohio 45377.

C. Greene County Career Center

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385.

18. GROUP PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

18. GROUP PURCHASING POOLS - (Continued)

B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven-member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or Treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

19. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. Litigation

The District is currently involved in litigation with the District as defendant although the impact on the financial statements can not be determined by June 30, 2017.

C. School Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end.

The District received an additional $814 during fiscal year 2018 as a result of enrollment adjustment.

20. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

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

20. ACCOUNTABILITY AND COMPLIANCE (continued)

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the District's financial statements as the District does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

B. Deficit Fund Balances

At June 30, 2017, the following funds had a deficit fund balance:

Funds	Amounts
Food Service	$ 53
Title VI-B Grants	520
Title I Grants	84

The deficits in the funds were due to timing of grant reimbursement at year end and gaap adjustments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2016	2015	2014	2013
The District's Proportion of the Net Pension Liability	0.038061%	0.035768%	0.035093%	0.035093%
The District's Proportion Share of the Net Pension Liability	2,785,685	2,040,934	1,776,037	2,086,868
The District's Covered-Employee Payroll	1,322,043	1,294,886	1,147,973	989,328
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	210.71%	157.61%	154.71%	210.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

Amount presented as of the School District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2016	2015	2014	2013
The District's Proportion of the Net Pension Liability	0.03555583%	0.03425705%	0.03398337%	0.03398337%
The District's Proportion Share of the Net Pension Liability	11,901,608	9,467,647	8,265,932	9,846,324
The District's Covered-Employee Payroll	4,145,179	3,605,657	3,875,477	3,562,769
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	287.12%	262.58%	213.29%	276.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

Amount presented as of the School District's measurement date, which is the prior fiscal year.

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Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contributions	$ 193,125	$ 185,086	$ 170,666	$ 159,109
Contributions in Relation to the Contractually Required Contribution	(193,125)	(185,086)	(170,666)	(159,109)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
The District Covered-Employee Payroll	$ 1,379,464	$ 1,322,043	$ 1,294,886	$ 1,147,973
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$ 136,923	$ 146,636	$ 189,493	$ 174,931	$ 165,516	$ 116,569
(136,923)	(146,636)	(189,493)	(174,931)	(165,516)	(116,569)
$ -	$ -	$ -	$ -	$ -	$ -
$ 989,328	$ 1,090,230	$ 1,507,502	$ 1,291,957	$ 1,682,073	$ 1,187,057
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Yellow Springs Exempted Village School District (the "District")
Required Supplementary Information
Schedule of District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contributions	$ 546,491	$ 580,325	$ 504,792	$ 503,812
Contributions in Relation to the Contractually Required Contribution	(546,491)	(580,325)	(504,792)	(503,812)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
The District Covered-Employee Payroll	$ 3,903,507	$ 4,145,179	$ 3,605,657	$ 3,875,477
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$ 463,160	$ 472,547	$ 539,860	$ 529,272	$ 503,964	$ 478,344
(463,160)	(472,547)	(539,860)	(529,272)	(503,964)	(478,344)
$ -	$ -	$ -	$ -	$ -	$ -
$ 3,562,769	$ 3,634,977	$ 4,152,769	$ 4,071,323	$ 3,876,646	$ 3,679,569
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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OHIO AUDITOR OF STATE
KEITH FABER

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

Yellow Springs Exempted Village School District
Greene County
201 South Walnut Street
Yellow Springs, Ohio 45387

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yellow Springs Exempted Village School District, Greene County, (the District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 14, 2019, wherein we noted that 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*

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
Auditor of State
Columbus, Ohio

May 14, 2019

OHIO AUDITOR OF STATE
KEITH FABER

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT

GREENE 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
JUNE 25, 2019