



OHIO AUDITOR OF STATE
KEITH FABER



**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

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BUTLER COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Monroe Local School District
Butler County
500 Yankee Road
Monroe, Ohio 45050

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 Monroe Local School District, Butler County, Ohio (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe Local School District, Butler County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

February 25, 2020

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Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

As management of the Monroe Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the governmental financial statements and the notes to the financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

During fiscal year 2019, the School District remained financially strong ending the year with a net position of \$15,801,334. This represented an increase of \$5,780,008 from fiscal year 2018. Total governmental revenues increased \$1,415,537 thanks to increases in property taxes, grants, and interest revenue. Total governmental expenses increased by \$10,291,828. The State-wide pension systems' changes in assumptions and benefit terms caused pension expense to be negative in fiscal year 2018, and positive in fiscal year 2019 which causes the appearance of a large increase in expenditures between the two fiscal years.

The School District is 70 percent funded by local taxpayers. The current millage ranks the School District towards the top in Butler County. There are two continuing substitute levies generating a total of \$5,781,000. There is also a 20 mill continuing levy, which means that any increase in property values increases revenue to the School District. There are valuable properties that are tax abated, and some of these abatements will start rolling off as soon as 2025.

The Ohio Department of Education provides revenue through the School Foundation Program, and while there is a formula in place, the actual funding is "capped" for the School District so that funding may not increase more than a specific percentage. For fiscal year 2019, the foundation funding formula calculated that the School District should have received \$13.8 million dollars in State foundation revenue. However, because the School District was capped, the School District only received \$7.3 million in State foundation revenue. The School District has been capped at least for the last five years and the result is a heavy reliance on the community for operating funds.

The School District continues to experience growth in enrollment. Due to this growth, several spaces throughout the buildings have been repurposed to accommodate instruction. In fiscal year 2018, the School District worked with the Ohio School Facilities Commission (OSFC) to update the School District's Master Plan and discussed the critical need for space throughout all grades. However, in fiscal year 2018, the School District was first approved for State construction funds, but then informed funds were not available until farther down the road.

During fiscal year 2019, the Board of Education applied and was approved to participate in the Expedited Local Partnership Program (ELPP). This is where a School District may raise local funds to construct facilities according to the Master Facility Plan. The local community pays

Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

for the both the local share and the State's share of the project. Then, once the School District becomes eligible for State funds, the State funds are used to pay down the construction debt, and the mills are lowered for the local taxpayer.

The School District now qualifies for 68 percent State funding for a new facility and repurposing of the current main campus. In addition to expanding facilities sooner than later, the ELPP path locks in the 68 percent co-funding.

Using the Basic Financial Statements

This report consists of a series of financial statements and the notes to the financial statements. These statements are organized so the reader can understand Monroe Local School District as a whole, an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the School District as a whole and present a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the Monroe Local School District are the General Fund and the Bond Retirement Fund.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2019?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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

Fiduciary Funds - The School District's fiduciary funds consist of two agency funds and a private purpose trust fund. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal years 2019 and 2018:

Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

(Table 1)
Net Position

	2019	2018	Change
Assets:			
Current and Other Assets	\$50,989,963	\$47,282,956	\$3,707,007
Net OPEB Asset	1,446,070	0	1,446,070
Capital Assets, Net	36,471,851	36,663,523	(191,672)
Total Assets	<u>88,907,884</u>	<u>83,946,479</u>	<u>4,961,405</u>
Deferred Outflows of Resources:			
Pension	9,529,615	11,029,275	(1,499,660)
OPEB	1,090,130	773,893	316,237
Total Deferred Outflows of Resources	<u>10,619,745</u>	<u>11,803,168</u>	<u>(1,183,423)</u>
Liabilities:			
Current Other Liabilities	2,678,576	2,511,625	166,951
Long-Term Liabilities:			
Due Within One Year	1,591,988	1,334,116	257,872
Due in More Than One Year:			
Net Pension Liability	26,649,876	27,082,301	(432,425)
Net OPEB Liability	3,351,450	6,240,953	(2,889,503)
Other Amounts	25,185,894	26,794,344	(1,608,450)
Total Liabilities	<u>59,457,784</u>	<u>63,963,339</u>	<u>(4,505,555)</u>
Deferred Inflows of Resources:			
Deferred Gain on Refunding	201,947	222,988	(21,041)
Property Taxes	16,677,332	16,283,874	393,458
Revenue in Lieu of Taxes	3,336,695	3,611,595	(274,900)
Pension	1,526,567	949,578	576,989
OPEB	2,525,970	696,947	1,829,023
Total Deferred Inflows of Resources	<u>24,268,511</u>	<u>21,764,982</u>	<u>2,503,529</u>
Net Position:			
Net Investment in Capital Assets	11,336,226	10,228,388	1,107,838
Restricted	5,626,619	5,525,257	101,362
Unrestricted (Deficit)	(1,161,511)	(5,732,319)	4,570,808
Total Net Position	<u>\$15,801,334</u>	<u>\$10,021,326</u>	<u>\$5,780,008</u>

Monroe Local School District
Management's Discussion and Analysis
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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$4,961,405. Current and other assets increased \$3,707,007. The largest increase was in Cash and Cash Equivalents, which was mainly due to cash-basis revenues exceeding expenditures. The net OPEB asset is new for fiscal year 2019, and is a result of the State Teachers Retirement System's changes in assumptions and benefit terms.

Total liabilities decreased \$4,505,555 mainly due to the changes in assumptions and benefit terms of the State-wide pension systems and principal payments.

Unrestricted net position increased \$4,570,808 due to the increase in cash and cash equivalents.

Table 2 shows the changes in net position for fiscal year 2019 compared to fiscal year 2018.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, restricted grants, and contributions. General Revenues include property taxes, unrestricted grants, such as State foundation support, unrestricted contributions, unrestricted interest, revenue in lieu of taxes, and miscellaneous.

Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

(Table 2)
Change in Net Position

	2019	2018	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	\$2,066,536	\$2,225,045	(\$158,509)
Operating Grants, Contributions and Interest	2,755,602	2,558,702	196,900
Capital Grants and Contributions	20,000	20,000	0
Total Program Revenues	<u>4,842,138</u>	<u>4,803,747</u>	<u>38,391</u>
General Revenues:			
Property Taxes	14,499,197	14,143,165	356,032
Grants and Entitlements not Restricted to Specific Programs	9,103,078	8,590,886	512,192
Contributions not Restricted to Specific Programs	14,269	19,598	(5,329)
Earnings on Investments	800,294	316,867	483,427
Revenue in Lieu of Taxes	3,613,425	3,611,595	1,830
Miscellaneous	133,382	104,388	28,994
Total General Revenues	<u>28,163,645</u>	<u>26,786,499</u>	<u>1,377,146</u>
Total Revenues	<u>33,005,783</u>	<u>31,590,246</u>	<u>1,415,537</u>
Program Expenses:			
Instruction:			
Regular	11,335,612	6,063,263	5,272,349
Special	3,718,437	1,996,676	1,721,761
Student Intervention Services	25,597	37,476	(11,879)
Support Services:			
Pupils	1,929,676	1,278,384	651,292
Instructional Staff	1,036,473	632,551	403,922
Board of Education	101,779	111,205	(9,426)
Administration	1,860,606	1,126,923	733,683
Fiscal	812,015	651,616	160,399
Business	130,200	44,319	85,881
Operation and Maintenance of Plant	1,403,925	1,463,437	(59,512)
Pupil Transportation	1,841,535	1,629,553	211,982
Central	187,539	141,980	45,559
Operation of Non-Instructional Services	1,131,593	883,862	247,731
Extracurricular Activities	735,729	(140,133)	875,862
Interest and Fiscal Charges	975,059	1,012,835	(37,776)
Total Expenses	<u>27,225,775</u>	<u>16,933,947</u>	<u>10,291,828</u>
Change in Net Position	5,780,008	14,656,299	(8,876,291)
Net Position (Deficit) at Beginning of Year	10,021,326	(4,634,973)	14,656,299
Net Position at End of Year	<u>\$15,801,334</u>	<u>\$10,021,326</u>	<u>\$5,780,008</u>

Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Governmental Activities

The School District's governmental activities revenues exceeded expenses during fiscal year 2019 by \$5,780,008. Earnings on investments increased due to better returns on investments from the previous fiscal year and an increase in the fair market value of investments. Property taxes and grants and entitlements not restricted to specific programs made up 83.8 percent of general revenues for governmental activities of the Monroe Local School District for fiscal year 2019. Property tax revenue increased due to an increase in tangible personal property assessed values.

Expenses increased by \$10,291,828 primarily due to the changes in assumptions and benefit terms of the State-wide pension systems which caused pension expense to be negative in fiscal year 2018 and positive in fiscal year 2019, causing the appearance of a large increase in overall expenses. Health insurance premiums also increased due to more employees selecting family health insurance coverage.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting and include the General Fund and Bond Retirement Fund. All governmental funds had total revenues of \$33,271,969 and expenditures of \$29,588,913. The two major funds accounted for 90.5 percent and 89.4 percent of revenues and expenses, respectively.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$3,492,781. This was primarily due to an increases in intergovernmental revenue and investment earnings. The School District closely monitors expenditures and although expenditures increased, overall revenues exceeded expenditures.

The fund balance of the Bond Retirement Fund increased \$144,248. This is due to revenues exceeding expenditures.

General Fund - Budget Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. During the course of fiscal year 2019, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$620,474 above the final budgeted amount in the General Fund.

Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

For the General Fund, original budget basis revenues were \$25,693,419 with final budget estimates of \$27,920,732. The difference was primarily due to increases in expected revenues for property taxes, intergovernmental, and interest which are conservatively estimated at the beginning of the fiscal year. These increases are also due to having better information as the fiscal year progressed. Actual revenues were \$95,418 below final budget estimates.

Original budget basis expenditures were \$25,878,408 while final budgeted expenditures were \$25,337,863. Actual expenditures were \$548,762 below final budgeted expenditures. The School District closely monitored expenditures during the fiscal year.

Capital Assets

Table 3 shows fiscal year 2019 balances compared to fiscal year 2018.

Table 3
Capital Assets (Net of Depreciation) at June 30,

	2019	2018
Land	\$2,475,849	\$2,475,849
Land Improvements	185,575	191,304
Buildings and Improvements	32,860,803	33,064,891
Furniture and Equipment	924,202	900,262
Vehicles	25,422	31,217
Totals	\$36,471,851	\$36,663,523

Overall capital assets decreased \$191,672 from fiscal year 2018, as depreciation and deductions exceeded additions. For more information on capital assets, refer to Note 10 of the basic financial statements.

Debt Administration

Table 4 summarizes the debt outstanding:

Monroe Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Table 4
Outstanding Debt, at Fiscal Year-end

	<u>2019</u>	<u>2018</u>
2002 School Improvement Bonds	\$2,460,000	\$3,405,000
2006 School Improvement Bonds	8,625,000	8,625,000
2016 Refunding Bonds	8,725,000	8,750,000
2017 Refunding Bonds	1,270,000	1,285,000
Certificates of Participation	630,000	675,000
Energy Conservation Notes	605,000	650,000
Capital Leases	<u>2,595,000</u>	<u>2,784,000</u>
Total	<u>\$24,910,000</u>	<u>\$26,174,000</u>

For more information on debt, refer to Note 16 to the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Holly Cahall, Treasurer, 500 Yankee Road, Monroe, Ohio 45050, or email at hcahall@monroelocalschools.com.

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Monroe Local School District
Statement of Net Position
June 30, 2019

	Governmental Activities
<u>Assets:</u>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$30,145,185
Inventory Held for Resale	8,823
Materials and Supplies Inventory	4,849
Accrued Interest Receivable	43,352
Accounts Receivable	108,622
Intergovernmental Receivable	303,310
Prepaid Items	21,161
Property Taxes Receivable	17,017,966
Revenue in Lieu of Taxes Receivable	3,336,695
Net OPEB Asset (See Note 13)	1,446,070
Capital Assets:	
Land	2,475,849
Depreciable Capital Assets, Net	33,996,002
<i>Total Assets</i>	88,907,884
<u>Deferred Outflows of Resources:</u>	
Pension	9,529,615
OPEB	1,090,130
<i>Total Deferred Outflows of Resources</i>	10,619,745
<u>Liabilities:</u>	
Accounts Payable	165,500
Accrued Wages and Benefits Payable	2,051,035
Intergovernmental Payable	365,326
Accrued Interest Payable	74,215
Matured Compensated Absences Payable	22,500
Long-Term Liabilities:	
Due Within One Year	1,591,988
Due in More Than One Year:	
Net Pension Liability (See Note 12)	26,649,876
Net OPEB Liability (See Note 13)	3,351,450
Other Amounts	25,185,894
<i>Total Liabilities</i>	59,457,784
<u>Deferred Inflows of Resources:</u>	
Deferred Gain on Refunding	201,947
Property Taxes	16,677,332
Revenue in Lieu of Taxes	3,336,695
Pension	1,526,567
OPEB	2,525,970
<i>Total Deferred Inflows of Resources</i>	\$24,268,511
<u>Net Position:</u>	
Net Investment in Capital Assets	\$11,336,226
Restricted:	
Debt Service	2,980,678
Permanent Improvements	2,348,962
Food Service	87,787
Student Managed Activities	116,878
Local, State, and Federal Grants	92,314
Unrestricted (Deficit)	(1,161,511)
<i>Total Net Position</i>	\$15,801,334

Monroe Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$11,335,612	\$910,666	\$251,936	\$0	(\$10,173,010)
Special	3,718,437	231,407	1,980,674	0	(1,506,356)
Vocational	0	0	6,438	0	6,438
Student Intervention Services	25,597	1,886	0	0	(23,711)
Support Services:					
Pupils	1,929,676	11,390	5,711	0	(1,912,575)
Instructional Staff	1,036,473	20,727	89,804	0	(925,942)
Board of Education	101,779	0	0	0	(101,779)
Administration	1,860,606	0	0	0	(1,860,606)
Fiscal	812,015	0	0	0	(812,015)
Business	130,200	0	0	0	(130,200)
Operation and Maintenance of Plant	1,403,925	7,882	0	0	(1,396,043)
Pupil Transportation	1,841,535	0	0	0	(1,841,535)
Central	187,539	0	0	0	(187,539)
Operation of Non-Instructional Services	1,131,593	572,276	414,937	0	(144,380)
Extracurricular Activities	735,729	310,302	6,102	20,000	(399,325)
Interest and Fiscal Charges	975,059	0	0	0	(975,059)
<i>Total Governmental Activities</i>	<u>\$27,225,775</u>	<u>\$2,066,536</u>	<u>\$2,755,602</u>	<u>\$20,000</u>	<u>(22,383,637)</u>
<u>General Revenues:</u>					
Property Taxes Levied for:					
					12,420,987
					1,424,708
					653,502
Grants and Entitlements not					
					9,103,078
Contributions not Restricted to Specific Programs					
					14,269
Investment Earnings					
					800,294
Revenue in Lieu of Taxes					
					3,613,425
Miscellaneous					
					133,382
<i>Total General Revenues</i>					<u>28,163,645</u>
<i>Change in Net Position</i>					5,780,008
<i>Net Position at Beginning of Year</i>					<u>10,021,326</u>
<i>Net Position at End of Year</i>					<u>\$15,801,334</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalent	\$24,395,334	\$3,140,396	\$2,609,455	\$30,145,185
Receivables:				
Property Taxes	14,227,997	2,020,499	769,470	17,017,966
Revenue in Lieu of Taxes	3,336,695	0	0	3,336,695
Accounts	108,622	0	0	108,622
Interfund	5,067	0	0	5,067
Intergovernmental	69,007	0	234,303	303,310
Accrued Interest	43,352	0	0	43,352
Prepaid Items	21,161	0	0	21,161
Inventory Held for Resale	0	0	8,823	8,823
Materials and Supplies Inventory	0	0	4,849	4,849
<i>Total Assets</i>	<u>\$42,207,235</u>	<u>\$5,160,895</u>	<u>\$3,626,900</u>	<u>\$50,995,030</u>
<u>Liabilities:</u>				
Accounts Payable	\$139,189	\$0	\$26,311	\$165,500
Interfund Payable	0	0	5,067	5,067
Accrued Wages and Benefits Payable	1,929,040	0	121,995	2,051,035
Intergovernmental Payable	337,491	0	27,835	365,326
Matured Compensated Absences Payable	15,000	0	7,500	22,500
<i>Total Liabilities</i>	<u>2,420,720</u>	<u>0</u>	<u>188,708</u>	<u>2,609,428</u>
<u>Deferred Inflows of Resources:</u>				
Property Tax	14,052,818	1,870,597	753,917	16,677,332
Revenue in Lieu of Taxes	3,336,695	0	0	3,336,695
Unavailable Revenues	278,055	104,346	242,155	624,556
<i>Total Deferred Inflows of Resources</i>	<u>17,667,568</u>	<u>1,974,943</u>	<u>996,072</u>	<u>20,638,583</u>
<u>Fund Balances:</u>				
Nonspendable	21,161	0	4,849	26,010
Restricted	0	3,185,952	2,578,756	5,764,708
Committed	268,336	0	0	268,336
Assigned	565,946	0	0	565,946
Unassigned (Deficit)	21,263,504	0	(141,485)	21,122,019
<i>Total Fund Balances</i>	<u>22,118,947</u>	<u>3,185,952</u>	<u>2,442,120</u>	<u>27,747,019</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$42,207,235</u>	<u>\$5,160,895</u>	<u>\$3,626,900</u>	<u>\$50,995,030</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Fund Balances \$27,747,019

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	2,475,849	
Other capital assets	48,378,089	
Accumulated depreciation	(14,382,087)	
Total capital assets		36,471,851

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.

Delinquent property taxes	210,325	
Investment Earnings	30,053	
Intergovernmental	231,133	
Accounts Receivable	153,045	
Total		624,556

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (74,215)

Deferred inflows of resources represent deferred gains on refundings which do not provide current financial resources and therefore are not reported in the funds.

Deferred Gain on Refunding (201,947)

The net pension/OPEB liabilities (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in governmental funds.

Net OPEB Asset	1,446,070	
Deferred Outflows - Pension	9,529,615	
Deferred Outflows - OPEB	1,090,130	
Net Pension Liability	(26,649,876)	
Net OPEB Liability	(3,351,450)	
Deferred Inflows - Pension	(1,526,567)	
Deferred Inflows - OPEB	(2,525,970)	
Total		(21,988,048)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(21,080,000)	
Certificates of participation	(630,000)	
Premiums on debt issues	(864,083)	
Energy Conservation Notes	(605,000)	
Capital leases	(2,595,000)	
Compensated absences	(1,003,799)	
Total liabilities		(26,777,882)

Net Position of Governmental Activities \$15,801,334

See accompanying notes to the basic financial statements

Monroe Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$12,581,064	\$1,470,221	\$662,671	\$14,713,956
Intergovernmental	9,967,506	404,736	1,610,032	11,982,274
Investment Earnings	777,408	0	0	777,408
Tuition and Fees	1,098,823	0	0	1,098,823
Extracurricular Activities	176,454	0	207,506	383,960
Rent	7,882	0	0	7,882
Customer Sales and Services	9,626	0	572,276	581,902
Contributions and Donations	13,591	0	31,280	44,871
Revenue in Lieu of Taxes	3,336,695	190,702	86,028	3,613,425
Miscellaneous	60,398	0	7,070	67,468
<i>Total Revenues</i>	<u>28,029,447</u>	<u>2,065,659</u>	<u>3,176,863</u>	<u>33,271,969</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,704,268	0	265,468	11,969,736
Special	3,139,450	0	611,418	3,750,868
Student Intervention Services	25,597	0	0	25,597
Support Services:				
Pupils	1,888,545	0	85,574	1,974,119
Instructional Staff	944,421	0	118,870	1,063,291
Board of Education	101,779	0	0	101,779
Administration	1,914,414	0	0	1,914,414
Fiscal	659,614	23,171	10,453	693,238
Business	146,042	0	0	146,042
Operation and Maintenance of Plant	1,371,917	0	2,871	1,374,788
Pupil Transportation	1,841,535	0	0	1,841,535
Central	139,440	0	0	139,440
Operation of Non-Instructional Services	1,846	0	1,014,685	1,016,531
Extracurricular Activities	626,590	0	207,822	834,412
Capital Outlay	5,860	0	391,000	396,860
Debt Service:				
Principal Retirement	10,037	985,000	268,963	1,264,000
Interest and Fiscal Charges	15,311	913,240	153,712	1,082,263
<i>Total Expenditures</i>	<u>24,536,666</u>	<u>1,921,411</u>	<u>3,130,836</u>	<u>29,588,913</u>
Excess of Revenues Over Expenditures	<u>3,492,781</u>	<u>144,248</u>	<u>46,027</u>	<u>3,683,056</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	34,963	34,963
Transfers Out	0	0	(34,963)	(34,963)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,492,781	144,248	46,027	3,683,056
<i>Fund Balances at Beginning of Year</i>	<u>18,626,166</u>	<u>3,041,704</u>	<u>2,396,093</u>	<u>24,063,963</u>
<i>Fund Balances at End of Year</i>	<u><u>\$22,118,947</u></u>	<u><u>\$3,185,952</u></u>	<u><u>\$2,442,120</u></u>	<u><u>\$27,747,019</u></u>

See accompanying notes to the basic financial statements 19

Monroe Local School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$3,683,056

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset additions	470,140	
Depreciation expense	(655,629)	
Excess of depreciation expense over capital outlay		(185,489)

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a gain or loss on the sale of capital assets in the Statement of Activities.

Loss on Disposal of Capital Assets		(6,183)
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Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:

Delinquent property taxes	(214,759)	
Tuition and Fees	(6,031)	
Intergovernmental	(134,196)	
Investment Earnings	22,886	
Miscellaneous	65,914	
Total		(266,186)

Amortization of bond premiums, the deferred gain on refunding, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities

Decrease in accrued interest	4,628	
Amortization of premiums	81,535	
Amortization of gains on refunding	21,041	
Total		107,204

Repayment of long-term obligations are reported as an expenditure to governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current fiscal year, these amounts consist of:

Bond payments	985,000	
Certificates of participation payments	45,000	
Energy conservation notes payments	45,000	
Capital lease payments	189,000	
Total long-term obligation repayments		1,264,000

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	2,138,503	
OPEB	80,548	
Total		\$2,219,051

See accompanying notes to the basic financial statements

(Continued)

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities (asset) are reported as pension expense in the statement of activities.

Pension	(\$3,782,727)	
OPEB	2,742,239	
Total		(1,040,488)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences payable	5,043	
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Change in Net Position of Governmental Activities \$5,780,008

Monroe Local School District
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	Budget Amounts		Actual	Variance With Final Budget Over/Under
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$12,042,471	\$12,764,845	\$12,574,265	(\$190,580)
Intergovernmental	8,834,710	9,747,970	9,939,006	191,036
Investment Earnings	144,005	571,139	640,442	69,303
Tuition and Fees	1,042,031	1,230,996	1,099,050	(131,946)
Extracurricular Activities	177,202	163,305	175,445	12,140
Rent	8,000	8,000	13,715	5,715
Customer Sales and Services	5,000	5,000	9,626	4,626
Contributions and Donations	5,000	5,000	13,591	8,591
Revenue in Lieu of Taxes	3,400,000	3,400,000	3,336,695	(63,305)
Miscellaneous	35,000	24,477	23,479	(998)
<i>Total Revenues</i>	<u>25,693,419</u>	<u>27,920,732</u>	<u>27,825,314</u>	<u>(95,418)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,047,641	11,752,914	11,611,944	140,970
Special	3,370,768	3,296,369	3,198,974	97,395
Student Intervention Services	35,000	35,000	25,597	9,403
Support Services:				
Pupils	1,872,431	1,921,996	1,921,716	280
Instructional Staff	952,974	1,011,127	951,369	59,758
Board of Education	102,824	132,824	132,475	349
Administration	2,025,376	1,953,467	1,912,751	40,716
Fiscal	704,448	735,532	664,578	70,954
Business	157,773	160,701	147,542	13,159
Operation and Maintenance of Plant	1,768,665	1,526,524	1,525,828	696
Pupil Transportation	1,952,081	1,905,249	1,904,810	439
Central	185,164	143,092	141,969	1,123
Operation of Non-Instructional Services	0	2,000	1,846	154
Extracurricular Activities	641,263	654,433	616,494	37,939
Capital Outlay	0	45,635	5,860	39,775
Debt Service:				
Principal	45,000	45,000	10,037	34,963
Interest and Fiscal Charges	17,000	16,000	15,311	689
<i>Total Expenditures</i>	<u>25,878,408</u>	<u>25,337,863</u>	<u>24,789,101</u>	<u>548,762</u>
Excess of Revenues Over (Under) Expenditures	<u>(184,989)</u>	<u>2,582,869</u>	<u>3,036,213</u>	<u>453,344</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	0	166,253	166,253
Refund of Prior Year Receipts	0	(3,000)	(2,123)	877
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(3,000)</u>	<u>164,130</u>	<u>167,130</u>
<i>Net Change in Fund Balance</i>	(184,989)	2,579,869	3,200,343	620,474
<i>Fund Balance at Beginning of Year</i>	19,968,683	19,968,683	19,968,683	0
<i>Prior Year Encumbrances Appropriated</i>	<u>690,313</u>	<u>690,313</u>	<u>690,313</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$20,474,007</u>	<u>\$23,238,865</u>	<u>\$23,859,339</u>	<u>\$620,474</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust Fund	Agency Funds
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$91,363	\$117,623
<u>Liabilities:</u>		
Undistributed Monies	0	14,527
Due to Students	0	103,096
<i>Total Liabilities</i>	0	\$117,623
<u>Net Position:</u>		
Held in Trust for Scholarships	\$91,363	

See accompanying notes to the basic financial statements

Monroe Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2019

	<u>Scholarship Fund</u>
<u>Additions:</u>	
Gifts and Contributions	\$10,055
Investment Earnings	5,928
	15,983
<u>Deductions:</u>	
Payments in Accordance with Trust Agreement	10,751
	5,232
<i>Change in Net Position</i>	<i>5,232</i>
<i>Net Position at Beginning of Year</i>	<i>86,131</i>
	<i>86,131</i>
<i>Net Position at End of Year</i>	<i>\$91,363</i>
	<i>\$91,363</i>

See accompanying notes to the basic financial statements

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Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Monroe Local School District, Butler County, Ohio (the “School District”) is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is organized under article VI, sections 2 and 3 of the Constitution of the State of Ohio. The Monroe Local School District is governed by a locally elected, five-member Board of Education (the “Board”), which provides educational services.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in two jointly governed organizations and two insurance purchasing pools. These organizations are presented in Note 18 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Southwest Ohio Computer Association
Butler Technology and Career Development Schools

Insurance Purchasing Pools:

Cincinnati USA Regional Chamber Retrospective Group Rating Program
Butler Health Plan

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The government-wide statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District has no business-type activities.

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

Fund Financial Statements:

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

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Fund Accounting

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

Governmental Funds

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

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

Bond Retirement Fund – The Bond Retirement Debt Service Fund is used to account for and report restricted financial resources, including property taxes, for the repayment of principal, interest and related costs of general long-term obligations.

The nonmajor governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

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

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

The private purpose trust fund is reported using the flow of economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows 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 that the amount of the transaction can be determined, and “available” means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, “available” means expected to be received within 60 days of fiscal year-end.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes and payment in lieu of taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include deferred gain on refunding, property taxes, revenue in lieu of taxes, pension and OPEB plans and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, interest, and intergovernmental and accounts receivables. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Expenses/Expenditures

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 costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2019, the School District's investments were limited to STAR Ohio, negotiable certificates of deposit, a money market mutual fund, federal securities, and commercial paper. Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share prices.

During fiscal year 2019, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Interest credited to the General Fund during fiscal year 2019 was \$777,408, which included \$157,658 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Interfund Balances

On fund financial statement, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable/Payable”. These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental 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 in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$3,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 50 years
Buildings and Improvements	15 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 15 years

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on sick leave accumulated by June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable that they will become eligible to receive termination benefits 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 union contracts.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, 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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, certificates of participation, energy conservation notes, and capital leases that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. In the General Fund, assigned amounts include amounts to be assigned by principals for community service activities. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2020 appropriation budget.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

Monroe Local School District
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For the Fiscal Year Ended June 30, 2019

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements.

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

Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the Certificate of Estimated Resources, 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 amounts that the Board of Education may appropriate. The appropriation 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 legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The Certificate of Estimated Resources may be amended during the fiscal year if projected increases or decreases in revenues are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

the original appropriations were adopted. The amounts reported as the final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Deferred Gain on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred inflows of resources on the Statement of Net Position.

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.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2019, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

For fiscal year 2019, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

NOTE 4 - ACCOUNTABILITY

At June 30, 2019, the following nonmajor special revenue funds had deficit fund balances:

<u>Funds</u>	<u>Amounts</u>
Title VI-B Fund	\$83,985
Title III Fund	4,228
Title I Fund	42,281
Reducing Class Size Fund	8,141
Miscellaneous Federal Grants Fund	2,850
Total	<u>\$141,485</u>

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School 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 and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

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 restricted, committed, or assigned fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$3,492,781
Adjustments:	
Revenue Accruals	19,926
Expenditure Accruals	192,073
Encumbrances	(446,631)
Decrease in Fair Value of Investments - 2018	36,625
Increase in Fair Value of Investments - 2019	(94,431)
Budget Basis	<u><u>\$3,200,343</u></u>

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies held by the School 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirement have been met;
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 only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of June 30, 2019, the School District had the following investments:

Monroe Local School District
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Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value (NAV) per Share:				
STAR Ohio	\$14,632,054	53.3 days	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates				
of Deposit	6,885,069	Less than five years	N/A	23.42%
Money Market Mutual Fund	6,849	Less than one year	N/A	N/A
US Treasury Note	218,977	Less than one year	AA+	N/A
Federal National Mortgage				
Association Notes	2,297,309	Less than three years	AA+	7.81
Federal Home Loan Mortgage				
Corporation Notes	1,401,125	Less than four years	AA+	N/A
Commercial Paper	3,963,046	Less than one year	A-1 to A-1+	13.48
Total Investments	<u>\$29,404,429</u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2019. All of the School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

The School District has no investment policy that addresses interest rate risk beyond the requirements of State statute. 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 School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Credit Risk

The Standard and Poor's ratings of the School District's investments are listed in the table above. STAR Ohio is permitted by Ohio Revised Code Section 135.45. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute which restricts investments to those that are highly rated or issued by United States Government sponsored enterprises.

Concentration of Credit Risk

The School District's investment policy places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of the total investments is listed in the table preceding.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, 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 semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Butler and Warren Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2019, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2019, was \$130,309 and is recognized as revenue: \$78,763 in the General Fund, \$45,556 in the Bond Retirement Debt Service Fund and \$5,990 in the Nonmajor Governmental Funds. The amount available as an advance at June 30, 2018, was \$120,255 and is recognized as revenue: \$71,964 in the General Fund, \$42,925 in the Bond Retirement Debt Service Fund, and \$5,366 in the Nonmajor Governmental Funds.

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

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second- Half Collections		2019 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$191,861,650	56.42%	\$196,166,890	53.24%
Public Utility Personal	87,534,150	25.74%	89,577,540	24.31%
Tangible Personal Property	60,670,700	17.84%	82,739,610	22.45%
Total Assessed Value	<u>\$340,066,500</u>	<u>100.00%</u>	<u>\$368,484,040</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$46.87		\$45.58	

Payments in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The Service payments that the School District receives as part of TIF agreements are presented on the financial statements as Revenue in Lieu of Taxes.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 8 - TAX ABATEMENTS

School District property taxes were reduced as follows under Community Reinvestment Area (CRA) agreements entered into by overlapping governments:

<u>Overlapping Government</u>	<u>Amount of Fiscal Year 2019 Taxes Abated</u>
Community Reinvestment Areas:	
City of Monroe	\$2,984,392

NOTE 9 - RECEIVABLES

Receivables at June 30, 2019, consisted of property taxes, revenue in lieu of taxes, accounts, interfund, intergovernmental grants 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. All receivables, except delinquent property taxes and revenue in lieu of taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The School District receives payment in lieu of taxes from multiple Tax Increment Financing Agreements that were entered into between the School District and corporations. These payments will be received based on each individual agreement.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
IDEA-B	\$159,335
Title III - LEP	9,854
Title I-A	47,717
Title II-A	10,020
Title IV-A	4,207
Bureau of Worker's Compensation	65,914
Medicaid Reimbursement	4,552
Lunch Program	1,711
Total Intergovernmental Receivable	\$303,310

Monroe Local School District
Notes to the Basic Financial Statements
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NOTE 10 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance at 6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/19</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$2,475,849	\$0	\$0	\$2,475,849
Capital Assets Being Depreciated:				
Land Improvements	217,100	0	0	217,100
Buildings and Improvements	44,834,686	388,548	0	45,223,234
Furniture, Fixtures, and Equipment	2,822,941	81,592	(7,850)	2,896,683
Vehicles	107,910	0	(66,838)	41,072
Total Capital Assets Being Depreciated	<u>47,982,637</u>	<u>470,140</u>	<u>(74,688)</u>	<u>48,378,089</u>
Less Accumulated Depreciation:				
Land Improvements	(25,796)	(5,729)	0	(31,525)
Buildings and Improvements	(11,769,795)	(592,636)	0	(12,362,431)
Furniture, Fixtures, and Equipment	(1,922,679)	(57,194)	7,392	(1,972,481)
Vehicles	(76,693)	(70)	61,113	(15,650)
Total Accumulated Depreciation	<u>(13,794,963)</u>	<u>(655,629) *</u>	<u>68,505</u>	<u>(14,382,087)</u>
Total Capital Assets Being Depreciated, Net	<u>34,187,674</u>	<u>(185,489)</u>	<u>(6,183)</u>	<u>33,996,002</u>
Governmental Activities				
Capital Assets, Net	<u>\$36,663,523</u>	<u>(\$185,489)</u>	<u>(\$6,183)</u>	<u>\$36,471,851</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$571,851
Special	600
Support Services:	
Pupils	500
Instructional Staff	15,857
Operation and Maintenance of Plant	61,122
Central	1,167
Extracurricular Activities	4,532
Total Depreciation Expense	<u>\$655,629</u>

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For the Fiscal Year Ended June 30, 2019

NOTE 11 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year, the School District contracted with USI Insurance Services for general commercial, fleet, employee benefits liability and boiler and machinery coverage.

Settled claims have not exceeded this coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior fiscal year.

Workers' Compensation

For fiscal year 2019, the School District participated in the Cincinnati USA Regional Chamber Retrospective Group Rating Program, an insurance purchasing pool (See Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniComp provides administrative, cost control, and actuarial services to the GRP.

Employee Medical Benefits

For fiscal year 2019, the School District participated in the Butler Health Plan (BHP), an insurance purchasing pool (See Note 18), in order to provide medical and dental benefits to associates, their dependents, and designated beneficiaries.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. The School District contracts out janitorial and maintenance services, transportation services, and a portion of their cafeteria services. Since these services are common to the normal daily operation of a school district, these workers are members of SERS and the School District is legally responsible for making the employer contribution to SERS. This relationship is presented as a special funding situation within the accompanying financial statements. 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

Monroe Local School District
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3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$267,127 for fiscal year 2019. None of this amount is reported as an intergovernmental payable. The Special Funding Situation contractually required contribution to SERS was \$267,126 for fiscal year 2019. None of this amount is reported as an intergovernmental payable.

Monroe Local School District
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Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime

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benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,604,250 for fiscal year 2019. Of this amount, \$278,239 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School 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
	Contributions Made by School District	Special Funding Situation		
Proportion of the Net Pension Liability:				
Prior Measurement Date	0.05211890%	0.05211890%	0.08778840%	
Current Measurement Date	0.05991425%	0.05991425%	0.08999134%	
Change in Proportionate Share	<u>0.00779535%</u>	<u>0.00779535%</u>	<u>0.00220294%</u>	
Proportionate Share of the Net				
Pension Liability	\$3,431,400	\$3,431,400	\$19,787,076	\$26,649,876
Pension Expense	\$554,303	\$554,303	\$2,674,121	\$3,782,727

Monroe Local School District
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At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS		STRS	Total
	Contributions Made by School District	Special Funding Situation		
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$188,191	\$188,191	\$456,746	\$833,128
Changes of assumptions	77,489	77,488	3,506,643	3,661,620
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	502,688	502,687	1,890,989	2,896,364
School District contributions subsequent to the measurement date	267,127	267,126	1,604,250	2,138,503
Total Deferred Outflows of Resources	\$1,035,495	\$1,035,492	\$7,458,628	\$9,529,615
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$0	\$0	\$129,221	\$129,221
Net difference between projected and actual earnings on pension plan investments	95,075	95,073	1,199,866	1,390,014
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	3,666	3,666	0	7,332
Total Deferred Inflows of Resources	\$98,741	\$98,739	\$1,329,087	\$1,526,567

\$2,138,503 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS		STRS	Total
	Contributions Made by School District	Special Funding Situation		
	2020	\$558,893		
2021	252,502	252,501	1,828,835	2,333,838
2022	(112,610)	(112,609)	406,403	181,184
2023	(29,158)	(29,157)	(180,351)	(238,666)
Total	\$669,627	\$669,627	\$4,525,291	\$5,864,545

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, 2018, are as follows:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the 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.

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$4,833,386	\$3,431,400	\$2,255,929
Special Funding Situation proportionate share of the net pension liability	\$4,833,385	\$3,431,400	\$2,255,929

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, 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
Discount Rate of Return	7.45 percent
Payroll Increases	3.0 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. 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, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$28,896,418	\$19,787,076	\$12,077,252

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Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2019, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 13 – DEFINED BENEFIT OPEB PLANS

See Note 12 for a description of the net OPEB liability (asset).

Plan Description – School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year

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2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total Statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$60,761.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$40,274 for fiscal year 2019. Of this amount \$30,381 is reported as an intergovernmental payable. The Special Funding Situation contractually required contribution to SERS was \$40,274 for fiscal year 2019. Of this amount, \$30,380 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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For the Fiscal Year Ended June 30, 2019

	SERS			STRS	Total
	Contributions	Special	School District		
	Made by	Funding			
	School District	Situation			
Proportion of the Net OPEB Liability:					
Prior Measurement Date	0.05245995%	0.05245995%		0.08778840%	
Current Measurement Date	<u>0.06040240%</u>	<u>0.06040240%</u>		<u>0.08999134%</u>	
Change in Proportionate Share	<u>0.00794245%</u>	<u>0.00794245%</u>		<u>0.00220294%</u>	
Proportionate Share of the:					
Net OPEB (Asset)	\$0	\$0		(\$1,446,070)	(\$1,446,070)
Net OPEB Liability	\$1,675,725	\$1,675,725		\$0	\$3,351,450
OPEB Expense	\$177,527	\$177,527		(\$3,097,293)	(\$2,742,239)

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS			STRS	Total
	Contributions	Special	School District		
	Made by	Funding			
	School District	Situation			
Deferred Outflows of Resources:					
Differences between expected and actual experience	\$27,354	\$27,353		\$168,903	\$223,610
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	288,457	288,456		209,059	785,972
School District contributions subsequent to the measurement date	<u>40,274</u>	<u>40,274</u>		<u>0</u>	<u>80,548</u>
Total Deferred Outflows of Resources	<u>\$356,085</u>	<u>\$356,083</u>		<u>\$377,962</u>	<u>\$1,090,130</u>
Deferred Inflows of Resources:					
Differences between expected and actual experience	\$0	\$0		\$84,253	\$84,253
Changes of assumptions	150,550	150,553		1,970,383	2,271,486
Net difference between projected and actual earnings on OPEB plan investments	<u>2,515</u>	<u>2,514</u>		<u>165,202</u>	<u>170,231</u>
Total Deferred Inflows of Resources	<u>\$153,065</u>	<u>\$153,067</u>		<u>\$2,219,838</u>	<u>\$2,525,970</u>

\$80,548 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS		STRS	Total
	Contributions Made by School District	Special Funding Situation		
2020	\$33,355	\$33,354	(\$328,000)	(\$261,291)
2021	32,038	32,037	(328,000)	(263,925)
2022	27,865	27,865	(328,001)	(272,271)
2023	28,935	28,935	(290,483)	(232,613)
2024	28,761	28,760	(277,320)	(219,799)
Thereafter	11,792	11,791	(290,072)	(266,489)
Total	<u>\$162,746</u>	<u>\$162,742</u>	<u>(\$1,841,876)</u>	<u>(\$1,516,388)</u>

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented as follows:

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Inflation	3.00 percent
Wage Increases	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	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018, was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018, was 3.63 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

Monroe Local School District
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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 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	\$2,033,362	\$1,675,725	\$1,392,546
Special Funding Situation proportionate share of the net OPEB liability	\$2,033,361	\$1,675,725	\$1,392,545

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,352,004	\$1,675,725	\$2,104,393
Special Funding Situation proportionate share of the net OPEB liability	\$1,352,003	\$1,675,725	\$2,104,392

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented as follows:

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
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 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, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Monroe Local School District
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Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended 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 projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. 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.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset 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 (6.45%)	Current Discount Rate (7.45%)	1 % Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$1,239,417)	(\$1,446,070)	(\$1,619,751)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,609,946)	(\$1,446,070)	(\$1,279,639)

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NOTE 14 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days. Upon retirement, payment is made for 25 percent of the employee's accumulated sick leave up to the 260 days.

Insurance

The School District provides medical and dental insurance to all employees through the Butler Health Plan. Employees are provided with life insurance through One America, and vision insurance through Vision Service Plan (VSP). See Note 18 for more information regarding the Butler Health Plan.

Deferred Compensation

School District employees may participate in the deferred compensation plan. This plan was created in accordance with Internal Revenue Code Section 457. The District also offers a deferred compensation plan in accordance with Internal Revenue Code 403B. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until the employee reaches age 59 ½, termination, retirement, death or disability. VOYA ING is the deferred compensation plan administrator.

Monroe Local School District
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For the Fiscal Year Ended June 30, 2019

NOTE 15 - LEASES - LESSEE DISCLOSURE

During prior fiscal years, the School District entered into lease purchase agreements for athletic facilities. The lease-purchase agreements are with the Ohio Association of School Business Officials (OASBO). OASBO has assigned U. S. Bank as the trustee. U.S. Bank deposited monies into a trustee account and reimbursed the School District for expenditures for the projects. The School District was reimbursed costs up to \$4,585,000 for expenditures made on work completed. The School District makes semi-annual lease payments to U. S. Bank.

Total principal payments in fiscal year 2019 totaled \$189,000.

The assets acquired through the capital leases as of June 30, 2019, are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
Buildings and Improvements	\$3,488,714	(\$700,704)	\$2,788,010

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Fieldhouse</u>	<u>Stadium</u>	<u>Total Payments</u>
2020	\$104,000	\$184,632	\$288,632
2021	109,000	185,141	294,141
2022	114,000	185,442	299,442
2023	120,000	185,511	305,511
2024	126,000	185,348	311,348
2025-2029	0	931,484	931,484
2030-2034	0	939,313	939,313
Total	\$573,000	\$2,796,871	3,369,871
		Less: Amount Representing Interest	(774,871)
		Present Value of Net Minimum Lease Payments	\$2,595,000

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NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2019 were as follows:

	Amount Outstanding 6/30/18	Additions	Deductions	Amount Outstanding 6/30/19	Amounts Due Within One Year
<u>General Obligation Bonds:</u>					
2002 School Improvement Obligation Bonds:					
Serial Bonds	\$3,405,000	\$0	\$945,000	\$2,460,000	\$1,195,000
Premiums on Bonds	253,934	0	21,761	232,173	0
2006 School Improvement Refunding Obligation Bonds:					
Serial Bonds	8,625,000	0	0	8,625,000	0
Premiums on Bonds	346,599	0	28,883	317,716	0
2016 Refunding Bonds:					
Serial Bonds	7,635,000	0	25,000	7,610,000	25,000
Term Bonds	1,115,000	0	0	1,115,000	0
Premiums on Bonds	341,548	0	30,586	310,962	0
Total Non-Direct Placements	<u>21,722,081</u>	<u>0</u>	<u>1,051,230</u>	<u>20,670,851</u>	<u>1,220,000</u>
<u>Direct Placement:</u>					
2017 Refunding Bonds:					
Term Bonds	1,285,000	0	15,000	1,270,000	15,000
Total General Obligation Bonds	<u>23,007,081</u>	<u>0</u>	<u>1,066,230</u>	<u>21,940,851</u>	<u>1,235,000</u>
<u>Other Long-Term Debt:</u>					
2010 Certificates of Participation:					
Serial Bonds	45,000	0	45,000	0	0
Term Bonds	630,000	0	0	630,000	45,000
Premiums on Bonds	3,537	0	305	3,232	0
Energy Conservation Notes	650,000	0	45,000	605,000	45,000
Total Other Long-Term Debt	<u>1,328,537</u>	<u>0</u>	<u>90,305</u>	<u>1,238,232</u>	<u>90,000</u>
<u>Other Long-Term Obligations:</u>					
Net Pension Liability:					
SERS	6,227,979	634,821	0	6,862,800	0
STRS	20,854,332	0	1,067,256	19,787,076	0
Total Net Pension Liability	<u>27,082,311</u>	<u>634,821</u>	<u>1,067,256</u>	<u>26,649,876</u>	<u>0</u>
Net OPEB Liability:					
SERS	2,815,774	535,676	0	3,351,450	0
STRS	3,425,179	0	3,425,179	0	0
Total Net OPEB Liability	<u>6,240,953</u>	<u>535,676</u>	<u>3,425,179</u>	<u>3,351,450</u>	<u>0</u>
Capital Leases	2,784,000	0	189,000	2,595,000	198,000
Compensated Absences	1,008,842	645,417	650,460	1,003,799	68,988
Total Other Long-Term Obligations	<u>37,116,106</u>	<u>1,815,914</u>	<u>5,331,895</u>	<u>33,600,125</u>	<u>266,988</u>
Total Governmental Activities	<u>\$61,451,724</u>	<u>\$1,815,914</u>	<u>\$6,488,430</u>	<u>\$56,779,208</u>	<u>\$1,591,988</u>

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2002 School Improvement Bonds - On April 4, 2002, the School District issued \$29,910,228 in school improvement bonds for the purpose of construction, improvements, and equipment for School District facilities. The bonds were issued for a 28-year period with final maturity of December 1, 2029. In 2006, the School District refunded a portion of the bonds and the final maturity will be December 1, 2020. The remaining bonds will be paid from property tax revenues in the Bond Retirement Fund.

2006 School Improvement Refunding Bonds - On October 12, 2006, the School District refunded a portion of the 2002 school improvement bonds in the amount of \$19,640,000. The bonds were issued for a 24-year period with final maturity on December 1, 2029. During fiscal year 2017, the School District refunded a portion of the bonds and the final maturity will be December 1, 2025. The remaining bonds will be paid from property tax revenue in the Bond Retirement Fund.

On September 7, 2016, the School District issued \$8,875,000 refunding bonds in order to refund a portion of the 2006 school improvement refunding obligation bonds in order to take advantage of lower interest rates. These bonds are paid from the Bond Retirement Fund and will mature on December 1, 2029.

On March 7, 2017, the School District issued \$1,310,000 refunding bonds in order to refund a portion of the 2006 school improvement refunding obligation bonds in order to take advantage of lower interest rates. These bonds were directly placed with Branch Banking & Trust Bank. These bonds are paid from the Bond Retirement Fund and will mature on December 1, 2026.

Certificates of Participation - On February 2, 2010, the School District issued \$980,000 Certificates of Participation to finance land and existing improvements to the facility. The COPs issuance included a premium of \$6,105, which will be amortized over the life of the COPs. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the PS&W Holding Company and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term of 20 years which includes the right to renew for 19 successive one-year terms through July 1, 2029 subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, annually. The base rent includes an interest component that begins at 1.50 percent to 5.25 percent. The School District has the option to purchase the renovations in whole or in part, with a 90 day written notice to the Trustee and lessor at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date fixed for redemption. The certificates of participations will be paid from the permanent improvement fund with property tax revenues.

2016 Energy Conservation Notes – On May 11, 2016, the School District issued \$725,000 Energy Conservation Notes to finance energy efficient upgrades to the buildings. The notes were issued for a 15 year period with final maturity on December 1, 2030. The notes were directly placed with Branch Banking & Trust Bank. The notes will be repaid from the General Fund.

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Capital leases will be paid through the Permanent Improvement Fund. Compensated absences will be paid from the General Fund, the Food Service, IDEA-B, Title I and Reducing Class Size special revenue funds. There is no repayment schedule for the net pension/OPEB liability. However, employer pension and OPEB contributions are made from the following funds: General, Food Service, IDEA-B, Title I and Reducing Class Size. For additional information related to the net pension/OPEB liability see Notes 12 and 13.

The School District's overall legal debt margin was \$14,618,960 with an unvoted debt margin of \$368,484 and an energy conservation debt margin of \$2,686,356 at June 30, 2019.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2019, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest
2020	\$1,195,000	\$107,094
2021	1,265,000	36,369
Total	\$2,460,000	\$143,463

Fiscal Year Ending June 30,	Refunding Bonds Principal	Refunding Bonds Interest	Direct Placement	
			Refunding Bonds Principal	Refunding Bonds Interest
2020	\$25,000	\$707,839	\$15,000	\$35,981
2021	25,000	707,462	15,000	35,554
2022	1,415,000	668,800	15,000	35,126
2023	1,600,000	486,762	15,000	34,699
2024	1,695,000	497,025	15,000	34,271
2025-2029	9,990,000	1,201,125	1,195,000	83,434
2030	2,600,000	49,100	0	0
Total	\$17,350,000	\$4,318,113	\$1,270,000	\$259,065

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Fiscal Year Ending June 30,	Certificates of Participation Principal	Certificates of Participation Interest	Direct Placement	
			Energy Conservation Notes Principal	Energy Conservation Notes Interest
2020	\$45,000	\$75,103	\$45,000	\$14,213
2021	45,000	73,078	45,000	13,115
2022	50,000	75,881	45,000	12,017
2023	50,000	73,569	50,000	10,858
2024	55,000	76,141	50,000	9,638
2025-2029	310,000	372,041	260,000	29,646
2030-2031	75,000	76,969	110,000	2,684
Total	\$630,000	\$822,782	\$605,000	\$92,171

NOTE 17 - INTERFUND ACTIVITY

The General Fund advanced \$5,067 to non-major funds to cover negative cash balances. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use those restricted monies to reimburse the General Fund for the initial Advance.

Transfers made during the fiscal year ended June 30, 2019, were as follows:

Transfers To	Nonmajor Governmental Funds	Transfers From Nonmajor Governmental Funds
	Nonmajor Governmental Funds	\$34,963

The transfer of \$34,963 from a Nonmajor Governmental Fund to a Nonmajor Governmental Fund was used to reallocate monies for capital improvements.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

Jointly Governed Organizations

Southwest Ohio Computer Association

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), a computer consortium. SWOCA is a jointly governed organization among a seven county consortium of 43 Ohio school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative

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and instructional functions of the member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The Board exercises total control over the operations of SWOCA including budgeting, appropriating, contracting and designating management. The Board consists of one representative from each of the participating 43 school districts. The School District paid SWOCA \$254,446 for services provided during the fiscal year. Each School District's degree of control is limited to its representation on the Board. The financial statements for SWOCA are available at 3611 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Butler Technology and Career Development Schools

The Butler Technology and Career Development Schools (Butler Tech), a jointly governed organization, is a distinct political subdivision of the state of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate established by the Ohio Revised Code. Butler Tech was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The Board exercises total control over operations of the District including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District did not pay Butler Tech during fiscal year 2019 for dues and fees. To obtain financial information, write to Butler Tech at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

Insurance Purchasing Pools

Cincinnati USA Regional Chamber Retrospective Group Rating Program

The School District participates in the Cincinnati USA Regional Chamber Retrospective Group Rating Program, an insurance purchasing pool. Each year, the District pays an enrollment fee to Sheakley to cover the costs of administering the program.

Butler Health Plan

The School District participates in the Butler Health Plan (BHP), an insurance purchasing pool formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents, and designated beneficiaries. The School District purchases medical and dental insurance through BHP. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. Financial information can be obtained from BHP at 400 North Erie Boulevard, Suite B Hamilton, OH 45011.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 19 - SET-ASIDE CALCULATIONS

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

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

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2018	\$0
Current Fiscal Year Set-aside Requirement	505,177
Current Fiscal Year Offsets	<u>(505,177)</u>
Set-aside Balance as of June 30, 2019	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

NOTE 20 - SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year is \$446,631 in the General Fund and \$107,571 in nonmajor governmental funds.

NOTE 21 - FUND BALANCES

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

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Fund Balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>				
Inventory	\$0	\$0	\$4,849	\$4,849
Prepays	21,161	0	0	21,161
<i>Total Nonspendable</i>	<u>21,161</u>	<u>0</u>	<u>4,849</u>	<u>26,010</u>
<i>Restricted for:</i>				
Debt Service	0	3,185,952	0	3,185,952
Permanent Improvements	0	0	2,339,399	2,339,399
Food Service	0	0	96,749	96,749
Student Managed Activities	0	0	116,878	116,878
Local, State, and Federal Grants	0	0	25,730	25,730
<i>Total Restricted</i>	<u>0</u>	<u>3,185,952</u>	<u>2,578,756</u>	<u>5,764,708</u>
<i>Committed to:</i>				
Contracted Services	<u>268,336</u>	<u>0</u>	<u>0</u>	<u>268,336</u>
<i>Assigned to:</i>				
Community Service Activities	97,202	0	0	97,202
Purchases on Order	77,046	0	0	77,046
Future Appropriations	391,698	0	0	391,698
<i>Total Assigned</i>	<u>565,946</u>	<u>0</u>	<u>0</u>	<u>565,946</u>
<i>Unassigned (Deficit):</i>	21,263,504	0	(141,485)	21,122,019
<i>Total Fund Balances</i>	<u><u>\$22,118,947</u></u>	<u><u>\$3,185,952</u></u>	<u><u>\$2,442,120</u></u>	<u><u>\$27,747,019</u></u>

NOTE 22 - CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

Monroe Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

The School District was not party to any legal proceedings at the end of the fiscal year.

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

	2019	2018	2017
<u>School District Contributions:</u>			
School District's Proportion of the Net Pension Liability	0.05991425%	0.05211890%	0.04398500%
School District's Proportionate Share of the Net Pension Liability	\$3,431,400	\$3,113,990	\$3,219,295
School District's Covered Payroll	\$1,966,096	\$1,805,721	\$1,373,221
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.53%	172.45%	234.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%
<u>Special Funding Situation:</u>			
Special Funding Situation Proportion of the Net Pension Liability	0.05991425%	0.05211890%	0.04398500%
Special Funding Situation Proportionate Share of the Net Pension Liability	\$3,431,400	\$3,113,989	\$3,219,295

(1) Information prior to 2014 is not available

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.04329400%	0.04528150%	0.04528150%
\$2,470,398	\$2,291,671	\$2,692,746
\$1,303,376	\$1,274,358	\$1,372,809
189.54%	179.83%	196.15%
69.16%	71.70%	65.52%
0.04329400%	0.04528150%	0.04528150%
\$2,470,397	\$2,291,671	\$2,692,745

Monroe Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Three Fiscal Years (1)

	2019	2018	2017
<u>School District Contributions:</u>			
School District's Proportion of the Net OPEB Liability	0.06040240%	0.05245995%	0.04412060%
School District's Proportionate Share of the Net OPEB Liability	\$1,675,725	\$1,407,887	\$1,257,601
School District's Covered Payroll	\$1,966,096	\$1,805,721	\$1,373,221
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	85.23%	77.97%	91.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%
<u>Special Funding Situation:</u>			
Special Funding Situation Proportion of the Net OPEB Liability	0.06040240%	0.05245995%	0.04412060%
Special Funding Situation Proportionate Share of the Net OPEB Liability	\$1,675,725	\$1,407,887	\$1,257,600

(1) Information prior to 2017 is not available

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

See accompanying notes to the required supplementary information

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

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.08999134%	0.08778840%	0.08437071%
School District's Proportionate Share of the Net Pension Liability	\$19,787,076	\$20,854,322	\$28,241,420
School District's Covered Payroll	\$10,300,514	\$10,182,371	\$9,035,507
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	192.10%	204.81%	312.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

(1) Information prior to 2014 is not available

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.07679520%	0.07493390%	0.07493390%
\$21,223,946	\$18,226,518	\$21,711,309
\$7,377,821	\$7,631,077	\$7,500,608
287.67%	238.85%	289.46%
72.10%	74.70%	69.30%

Monroe Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.08999134%	0.08778840%	0.08437071%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,446,070)	\$3,425,179	\$4,512,168
School District's Covered Payroll	\$10,300,514	\$10,182,371	\$9,035,507
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(14.04%)	33.64%	49.94%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available

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

See accompanying notes to the required supplementary information

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Monroe Local School District
 Required Supplementary Information
 Schedule of School District Net Pension Liability Contributions
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>School District Contributions:</u>			
Contractually Required Contribution	\$267,127	\$265,423	\$252,801
Pension Contributions in Relation to the Contractually Required Contribution	<u>(267,127)</u>	<u>(265,423)</u>	<u>(252,801)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$1,978,719	\$1,966,096	\$1,805,721
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%
<u>Special Funding Situation Contributions:</u>			
Contractually Required Contribution	\$267,126	\$265,422	\$252,800
Pension Contributions in Relation to the Contractually Required Contribution	<u>(267,126)</u>	<u>(265,422)</u>	<u>(252,800)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(1) Information prior to 2014 is not available

See accompanying notes to the required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$192,251	\$171,785	\$176,626
<u>(192,251)</u>	<u>(171,785)</u>	<u>(176,626)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,373,221	\$1,303,376	\$1,274,358
14.00%	13.18%	13.86%
\$190,232	\$171,785	\$176,626
<u>(190,232)</u>	<u>(171,785)</u>	<u>(176,626)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Monroe Local School District
Required Supplementary Information
Schedule of School District Net OPEB Liability Contributions
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i><u>School District Contributions:</u></i>			
Contractually Required Contribution (2)	\$40,274	\$40,772	\$26,609
OPEB Contributions in Relation to the Contractually Required Contribution	<u>(40,274)</u>	<u>(40,772)</u>	<u>(26,609)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll	\$1,978,719	\$1,966,096	\$1,805,721
OPEB Contributions as a Percentage of Covered Payroll (2)	2.04%	2.07%	1.47%
<i><u>Special Funding Situation Contributions:</u></i>			
Contractually Required Contribution (2)	\$40,274	\$40,772	\$26,609
OPEB Contributions in Relation to the Contractually Required Contribution	<u>(40,274)</u>	<u>(40,772)</u>	<u>(26,609)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

(1) Information prior to 2014 is not available

(2) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$20,380	\$31,201	\$21,815
<u>(20,380)</u>	<u>(31,201)</u>	<u>(21,815)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,373,221	\$1,303,376	\$1,274,358
1.48%	2.39%	1.71%
\$20,380	\$31,201	\$21,815
<u>(20,380)</u>	<u>(31,201)</u>	<u>(21,815)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Net Pension Liability:</i>				
Contractually Required Contribution	\$1,604,250	\$1,442,072	\$1,425,532	\$1,264,971
Contributions in Relation to the Contractually Required Contribution	<u>(1,604,250)</u>	<u>(1,442,072)</u>	<u>(1,425,532)</u>	<u>(1,264,971)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$11,458,929	\$10,300,514	\$10,182,371	\$9,035,507
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<i>Net OPEB Liability:</i>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$1,032,895	\$992,040	\$975,079	\$1,196,585	\$1,303,000	\$1,138,000
<u>(1,032,895)</u>	<u>(992,040)</u>	<u>(975,079)</u>	<u>(1,196,585)</u>	<u>(1,303,000)</u>	<u>(1,138,000)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,377,821	\$7,631,077	\$7,500,608	\$9,204,500	\$10,023,076	\$8,753,846
<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$76,311	\$75,006	\$92,045	\$100,231	\$87,538
<u>0</u>	<u>(76,311)</u>	<u>(75,006)</u>	<u>(92,045)</u>	<u>(100,231)</u>	<u>(87,538)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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Monroe Local School District
Notes to The Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

NET PENSION LIABILITY

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017, and prior are presented as follows:

Monroe Local School District
Notes to The Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3.0 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

NET OPEB LIABILITY

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Monroe Local School District
Notes to The Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Municipal Bond Index Rate:

Fiscal year 2019	3.62 percent
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 2019	3.70 percent
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.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Program Year	Federal CFDA Number	Federal Expenditures	Non-Cash Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	2019	10.555	\$ 0	\$ 62,296
Cash Assistance				
National School Breakfast Program	2019	10.553	46,230	0
National School Lunch Program	2019	10.555	305,516	0
Total Child Nutrition Cluster			<u>351,746</u>	<u>62,296</u>
Total U.S. Department of Agriculture			<u>351,746</u>	<u>62,296</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education - Grants to State	2019	84.027	518,645	0
Special Education - Grants to State	2018	84.027	94,655	0
Total Special Education - Grants to State			<u>613,300</u>	<u>0</u>
Special Education - Preschool Grants	2019	84.173	28,453	0
Total Special Education Cluster			<u>641,753</u>	<u>0</u>
Title I Grants to Local Educational Agencies	2019	84.010	229,763	0
Title I Grants to Local Educational Agencies	2018	84.010	57,554	0
Total Title I Grants to Local Educational Agencies			<u>287,317</u>	<u>0</u>
Title II-A Improving Teacher Quality State Grants	2019	84.367	47,495	0
Title II-A Improving Teacher Quality State Grants	2018	84.367	9,995	0
Total Title II-A Improving Teacher Quality State Grants			<u>57,490</u>	<u>0</u>
Title III English Language Acquisition State Grants	2019	84.365	24,861	0
Total Title III English Language Acquisition State Grants			<u>24,861</u>	<u>0</u>
Title IV-A Student Support and Academic Enrichment Program	2019	84.424	20,811	0
Title IV-A Student Support and Academic Enrichment Program	2018	84.424	7,050	0
Total Title IV-A Student Support and Academic Enrichment Program			<u>27,861</u>	<u>0</u>
Total U.S. Department of Education			<u>1,039,282</u>	<u>0</u>
Total Expenditures of Federal Awards			<u>\$ 1,391,028</u>	<u>\$ 62,296</u>

The accompanying notes are an integral part of this schedule.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Monroe Local School District (the School District) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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*

Monroe Local School District
Butler County
500 Yankee Road
Monroe, Ohio 45050

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 Monroe Local School District, Butler County, (the School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

February 25, 2020

OHIO AUDITOR OF STATE KEITH FABER



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

Monroe Local School District
Butler County
500 Yankee Road
Monroe, Ohio 45050

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Monroe Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Monroe Local School District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Monroe Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State

Columbus, Ohio

February 25, 2020

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 19, 2020**