SEBRING LOCAL SCHOOL DISTRICT
MAHONING COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

SEBRING LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2019

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Sebring Local School District
Mahoning County
510 North 14th Street
Sebring, Ohio 44672

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sebring Local School District, Mahoning County, Ohio, as of June 30, 2019, and the respective changes in financial position 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

February 6, 2020

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

Financial Highlights

- Net position increased in fiscal year 2019 due mainly to changes in the net pension and net OPEB liabilities (asset) and the deferred outflows and deferred inflows of resources associated with these liabilities. Other changes factoring into the increase in net position include an increase in cash and intergovernmental receivables as well as the decrease in debt. Cash increased as revenues continue to exceed expenditures.

- Total program expenses increased in fiscal year 2019 due to changes in the net pension liability and net OPEB liability (asset) that are the result of the School District's adjusting proportionate share of the total State-wide liabilities (asset) for both pension and OPEB across retirement systems.

- The School District's major capital asset additions include updated LED fixtures and security cameras, a new stadium sound system, stage lighting, new doors for entrances and food service equipment.

- The School District has one bond issuance outstanding which consists of serial and term bonds.

- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

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

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

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

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges *(business-type activities)*. The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund. All of the funds of the School District can be divided into two categories: governmental and fiduciary.

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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or 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.

Fiduciary Fund A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for 2019 compared to 2018.

(Table 1)
Net Position
Governmental Activities

	2019	2018	Change
Assets			
Current and Other Assets	$8,655,550	$7,964,478	$691,072
Net OPEB Asset	360,874	0	360,874
Capital Assets, Net	6,962,273	6,981,349	(19,076)
Total Assets	15,978,697	14,945,827	1,032,870
Deferred Outflows of Resources			
Deferred Charge on Refunding	16,603	23,474	(6,871)
Pension	1,731,765	2,194,885	(463,120)
OPEB	75,120	63,874	11,246
Total Deferred Outflows of Resources	1,823,488	2,282,233	(458,745)
Liabilities			
Current Liabilities	510,214	895,349	385,135
Long-Term Liabilities			
Due within One Year	228,331	137,106	(91,225)
Due in More than One Year			
Net Pension Liability	6,355,840	6,842,334	486,494
Net OPEB Liability	695,973	1,567,459	871,486
Other Amounts	614,528	771,648	157,120
Total Liabilities	8,404,886	10,213,896	1,809,010
Deferred Inflows of Resources			
Property Taxes	1,385,235	1,385,007	(228)
Pension	865,609	977,573	111,964
OPEB	752,343	244,806	(507,537)
Total Deferred Inflows of Resources	3,003,187	2,607,386	(395,801)
Net Position			
Net Investment in Capital Assets	6,630,182	6,546,324	83,858
Restricted for:			
Capital Projects	79,419	147,797	(68,378)
Debt Service	626,925	629,468	(2,543)
Other Purposes	275,594	69,895	205,699
Unrestricted (Deficit)	(1,218,008)	(2,986,706)	1,768,698
Total Net Position	$6,394,112	$4,406,778	$1,987,334

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.

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were to cash, intergovernmental receivables, current liabilities and the changes from net pension/OPEB changes noted above. The cash increase is the result of revenue collection exceeding expenditures resulting in a surplus for the year. The intergovernmental receivable increase was the result of the School District actively seeking out federal funds and from SERS and workers' compensation refunds. Current liabilities decreased due to the accrued wage decreases from the timing of payroll and insurances.

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the School District's net position represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net position is investment in capital assets (e.g., land, buildings, equipments, furniture and vehicles); less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

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

(Table 2)
Change in Net Position
Governmental Activities

	2019	2018	Change
Revenues			
Program Revenues			
Charges for Services and Sales	$687,343	$634,052	$53,291
Operating Grants and Contributions	1,423,399	630,575	792,824
Total Program Revenues	2,110,742	1,264,627	846,115
General Revenues			
Property Taxes	1,413,278	1,348,587	64,691
Income Taxes	592,422	567,731	24,691
Grants and Entitlements not Restricted	5,131,389	5,797,271	(665,882)
Investment Earnings	83,125	36,755	46,370
Miscellaneous	110,686	46,050	64,636
Total General Revenues	7,330,900	7,796,394	(465,494)
Total Revenues	9,441,642	9,061,021	380,621
Program Expenses			
Current:			
Instruction:			
Regular	3,268,962	2,638,164	(630,798)
Special	1,106,856	948,115	(158,741)
Student Intervention Services	103	0	(103)
Support Services:			
Pupils	235,270	137,148	(98,122)
Instructional Staff	40,676	8,305	(32,371)
Board of Education	6,191	18,805	12,614
Administration	660,680	32,605	(628,075)
Fiscal	286,093	309,668	23,575
Business	582	207	(375)
Operation and Maintenance of Plant	897,651	960,097	62,446
Pupil Transportation	170,208	142,625	(27,583)
Central	150,835	4,440	(146,395)
Extracurricular Activities	245,911	210,056	(35,855)
Operation of Non-Instructional Services:			
Food Service Operations	372,107	358,740	(13,367)
Interest and Fiscal Charges	12,183	22,287	10,104
Total Program Expenses	7,454,308	5,791,262	(1,663,046)
Change in Net Position	1,987,334	3,269,759	(1,282,425)
Net Position Beginning of Year	4,406,778	1,137,019	3,269,759
Net Position End of Year	$6,394,112	$4,406,778	$1,987,334

Analysis of overall financial position and results of operations

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2019. Operating grants increased from the identification of program related general fund monies associated with special education and career technology monies. General revenues decreased from the same identification of special education and career technology monies being identified as program revenues.

Program expenses increased in fiscal year 2019 due to changes in the net pension liability and net OPEB liability. As mentioned previously, changes in the net pension liability, net OPEB liability (asset) and associated deferred outflows/inflows are the result of the School District's adjusting proportionate share of the total State-wide liabilities (assets) for both pension and OPEB across retirement systems.

The largest component of the increase in program expenses results from changes in assumptions and benefit terms related to pensions in the prior year. For the prior year, STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). As a result of these changes, pension expense decreased from $748,614 in fiscal year 2017 to a negative pension expense of $2,300,415 for fiscal year 2018. For fiscal year 2019, pension expense increased to $381,159 closer to the 2017 pension expense amount.

The School District relies heavily upon property taxes, income taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The grants and entitlements not restricted can be partially attributed to the School District actively seeking out additional sources of Federal and State funding to ensure the programs important to the community are maintained.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for 2019 compared to 2018.

(Table 3)
Total and Net Cost of Program Services
Governmental Activities

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$4,375,921	$2,904,221	$3,586,279	$2,755,995
Support Services:				
Pupils and Instructional Staff	275,946	202,487	145,453	96,805
Board of Education, Administration				
Fiscal and Business	953,546	918,563	361,285	357,052
Operation and Maintenance of Plant	897,651	865,379	960,097	960,097
Pupil Transportation	170,208	170,208	142,625	142,625
Central	150,835	7,906	4,440	840
Extracurricular Activities	245,911	203,948	210,056	152,795
Operation of Non-Instructional Services:				
Food Service Operations	372,107	58,671	358,740	38,139
Interest and Fiscal Charges	12,183	12,183	22,287	22,287
Total Expenses	$7,454,308	$5,343,566	$5,791,262	$4,526,635

The dependence upon general revenues for governmental activities is apparent as they account for a majority of the total cost of services in fiscal year 2019. The community, as a whole, is by far the primary support for the School District.

Financial Analysis of the Government's Funds

Governmental Fund Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance. While both revenues and expenditures had marginal increases, the revenue collections far exceeded expenditures resulting in the increase to the fund balance. The bond retirement fund balance decreased from the prior fiscal year due to property tax collections falling below the debt obligations due in fiscal year 2019.

General Fund Budgeting Highlights

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

During the course of fiscal year 2019 the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The difference can be attributed to the administration making adjustments for currently known information. These revenue line items fluctuate year to year and are budgeted on a conservative basis to minimize revenue overestimations. Actual revenue was lower than final budget basis revenue predominantly due to intergovernmental receipts which come in the form of foundation settlements directly attributable to student counts as a primary factor. The final budget appropriations were marginally different from the original budget appropriations of the general fund. Actual expenditures and other financing uses were lower than final budget appropriations due to the School District keeping spending in control while ensuring the programs important to the community are maintained.

Capital Assets and Long-term Liabilities

Capital Assets

During fiscal year 2019, the School District's capital asset additions included updated LED fixtures and security cameras, a new stadium sound system, stage lighting, new doors for entrances and food service equipment. Please refer to Note 9 within the Notes to the Basic Financial Statements for further information on capital assets.

Debt

On April 21, 2010, the School District issued Classroom Facilities Improvement Advance Refunding Bonds in the amount of $999,999 (par value) with interest rates ranging from 2.0 percent to 4.2 percent to advance refund $1,150,000 of the 1999 Classroom Facilities Improvement Bonds with rates ranging from 4.0 percent to 6.125 percent. The refunding bonds were issued at a premium of $113,565 and, after paying issuance costs of $33,985, the net proceeds were $1,229,579. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on 12/1/2010. The advance refunding met the requirements of a legal debt defeasance and all of the 1999 Classroom Facilities Improvement Bonds were removed from the School District's government-wide financial statements.

As of June 30, 2019, the School District's legal debt margin was $4,316,462 with an unvoted debt margin of $47,961. Please refer to Note 10 within the Notes to the Basic Financial Statements for further information on debt.

Current Financial Related Activities

The School District's fiscal health depends on an efficient budgeting process and the utilization of programs that reduce costs, such as consortiums, and diligent cost analysis.

Although House Bill 66, as amended by House Bill 153, reimbursed the School District on the loss of personal property tax revenue, the potential growth in this tax revenue is non-existent. House Bill 66, as amended by House Bill 153, greatly reduced and eventually eliminated personal property tax and by 2018, the annual revenue stream from personal property taxes was eliminated from the revenue sources of the School District. The reimbursement for personal property tax stopped in fiscal year 2016. The State of Ohio declared that the commercial activity tax was allocated to school districts at 35 percent starting in fiscal year 2013. Previously, the CAT tax was funding the hold-harmless reimbursement payments at 70 percent.

The State added capacity aid in the budget for schools for fiscal years 2016 - 2019. This money was added to aid schools that did not have the ability to generate much income based on property valuation. This brought in an additional $1,159,477 to the School District in fiscal year 2019. The State's current budget for fiscal years 2020 and 2021 is frozen at fiscal year 2019 levels.

The future of State Funding may greatly affect the financial horizon of the School District. The State of Ohio was found by the Ohio Supreme Court to be operating an unconstitutional education system regarding the funding formula. Currently an initiative is actively seeking a restructuring of the State Funding formula. However, the future is uncertain.

The School District receives approximately 76 percent of its revenue from the State of Ohio and is therefore at the State's mercy regarding funding. State revenues have kept pace with inflation to date, but the future of State revenue increases is uncertain.

The District passed a 1 percent income tax levy on the November 2006 ballot to help stabilize its financial condition. This levy has been effective in bringing financial stability that could last well into the future. This levy was renewed by voters on the November 2016 ballot and is now set to expire at the end of 2021.

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 the Treasurer at Sebring Local School District, 510 North 14th Street, Sebring, Ohio 44672.

Sebring Local School District

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$5,962,806
Accounts Receivable	856
Intergovernmental Receivable	303,583
Inventory Held for Resale	3,308
Materials and Supplies Inventory	949
Prepaid Items	461,772
Property Taxes Receivable	1,707,159
Income Taxes Receivable	215,117
Net OPEB Asset (See Note 18)	360,874
Nondepreciable Capital Assets	219,600
Depreciable Capital Assets, Net	6,742,673
Total Assets	15,978,697
Deferred Outflows of Resources	
Deferred Charge on Refunding	16,603
Pension	1,731,765
OPEB	75,120
Total Assets	1,823,488
Liabilities	
Accounts Payable	16,981
Accrued Wages and Benefits	382,528
Intergovernmental Payable	109,584
Accrued Interest Payable	1,121
Long-Term Liabilities:	
Due Within One Year	228,331
Due in More Than One Year	
Net Pension Liability (See Note 17)	6,355,840
Net OPEB Liability (See Note 18)	695,973
Other Amounts	614,528
Total Liabilities	8,404,886
Deferred Inflows of Resources	
Property Taxes	1,385,235
Pension	865,609
OPEB	752,343
Total Deferred Inflows of Resources	3,003,187
Net Position	
Net Investment in Capital Assets	6,630,182
Restricted for:	
Capital Projects	79,419
Debt Service	626,925
Other Purposes	275,594
Unrestricted (Deficit)	(1,218,008)
Total Net Position	$6,394,112

See accompanying notes to the basic financial statements

Sebring Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net Revenue/(Expense) and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction:				
Regular	$3,268,962	$364,528	$26,421	($2,878,013)
Special	1,106,856	119,235	961,504	(26,117)
Student Intervention Services	103	12	0	(91)
Support Services:				
Pupils	235,270	0	56,142	(179,128)
Instructional Staff	40,676	415	16,902	(23,359)
Board of Education	6,191	0	0	(6,191)
Administration	660,680	13,798	15,511	(631,371)
Fiscal	286,093	0	5,674	(280,419)
Business	582	0	0	(582)
Operation and Maintenance of Plant	897,651	0	32,272	(865,379)
Pupil Transportation	170,208	0	0	(170,208)
Central	150,835	139,329	3,600	(7,906)
Extracurricular Activities	245,911	38,327	3,636	(203,948)
Operation of Food Service	372,107	11,699	301,737	(58,671)
Interest and Fiscal Charges	12,183	0	0	(12,183)
Totals	$7,454,308	$687,343	$1,423,399	(5,343,566)

General Revenues	
Property Taxes Levied for:	
General Purposes	1,206,294
Debt Service	99,964
Capital Outlay	88,353
Other Purposes	18,667
Income Taxes Levied for:	
General Purposes	592,422
Grants and Entitlements not Restricted to Specific Programs	5,131,389
Investment Earnings	83,125
Miscellaneous	110,686
Total General Revenues	7,330,900
Change in Net Position	1,987,334
Net Position Beginning of Year	4,406,778
Net Position End of Year	$6,394,112

See accompanying notes to the basic financial statements

Sebring Local School District

Balance Sheet
Governmental Funds
June 30, 2019

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$5,180,326	$602,437	$180,043	$5,962,806
Accounts Receivable	856	0	0	856
Intergovernmental Receivable	82,486	0	221,097	303,583
Prepaid Items	461,772	0	0	461,772
Interfund Receivable	5,699	0	0	5,699
Inventory Held for Resale	0	0	3,308	3,308
Materials and Supplies Inventory	0	0	949	949
Property Taxes Receivable	1,450,740	124,445	131,974	1,707,159
Income Taxes Receivable	215,117	0	0	215,117
Total Assets	$7,396,996	$726,882	$537,371	$8,661,249
Liabilities				
Accounts Payable	$14,246	$0	$2,735	$16,981
Accrued Wages and Benefits	345,896	0	36,632	382,528
Intergovernmental Payable	102,851	0	6,733	109,584
Interfund Payable	0	0	5,699	5,699
Total Liabilities	462,993	0	51,799	514,792
Deferred Inflows of Resources				
Property Taxes	1,180,269	98,836	106,130	1,385,235
Unavailable Revenue	372,741	24,239	229,593	626,573
Total Deferred Inflows of Resources	1,553,010	123,075	335,723	2,011,808
Fund Balances				
Nonspendable	461,772	0	949	462,721
Restricted	0	603,807	158,347	762,154
Assigned	25,840	0	0	25,840
Unassigned (Deficit)	4,893,381	0	(9,447)	4,883,934
Total Fund Balances	5,380,993	603,807	149,849	6,134,649
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$7,396,996	$726,882	$537,371	$8,661,249

See accompanying notes to the basic financial statements

Sebring Local School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Funds Balances		$6,134,649
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.		6,962,273
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Delinquent Property Taxes	303,224	
Income Tax	38,911	
Intergovernmental	243,784	
Tuition and Fees	26,296	
Miscellaneous	14,358	
Total		626,573
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,121)
The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	360,874	
Deferred Outflows - Pension	1,731,765	
Deferred Outflows - OPEB	75,120	
Net Pension Liability	(6,355,840)	
Net OPEB Liability	(695,973)	
Deferred Inflows - OPEB	(865,609)	
Deferred Inflows - Pension	(752,343)	
Total		(6,502,006)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Refunding Bonds	(348,694)	
Deferred Charge on Refunding	16,603	
Compensated Absences	(494,165)	
Total		(826,256)
Net Position of Governmental Activities		$6,394,112

See accompanying notes to the basic financial statements

Sebring Local School District

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$1,183,502	$97,914	$104,843	$1,386,259
Income Taxes	591,802	0	0	591,802
Intergovernmental	5,610,414	14,566	667,461	6,292,441
Interest	83,125	0	0	83,125
Charges for Services	139,329	0	11,699	151,028
Tuition and Fees	457,479	0	0	457,479
Extracurricular Activities	14,213	0	38,327	52,540
Contributions and Donations	4,927	0	13,636	18,563
Miscellaneous	90,549	0	5,779	96,328
Total Revenues	8,175,340	112,480	841,745	9,129,565
Expenditures				
Current:				
Instruction:				
Regular	3,225,086	0	2,150	3,227,236
Special	1,044,591	0	230,721	1,275,312
Student Intervention Services	103	0	0	103
Support Services:				
Pupils	228,374	0	28,814	257,188
Instructional Staff	31,618	0	11,429	43,047
Board of Education	7,293	0	0	7,293
Administration	741,912	0	5,241	747,153
Fiscal	291,576	1,956	4,834	298,366
Business	582	0	0	582
Operation and Maintenance of Plant	1,252,776	0	193,469	1,446,245
Pupil Transportation	144,396	0	0	144,396
Central	149,808	0	3,600	153,408
Extracurricular Activities	198,911	0	48,517	247,428
Operation of Food Service	0	0	378,162	378,162
Capital Outlay	0	0	24,627	24,627
Debt Service:				
Principal Retirement	0	100,000	0	100,000
Interest and Fiscal Charges	0	15,450	0	15,450
Total Expenditures	7,317,026	117,406	931,564	8,365,996
Excess of Revenues Over (Under) Expenditures	858,314	(4,926)	(89,819)	763,569
Other Financing Sources (Uses)				
Transfers In	0	0	68,000	68,000
Transfers Out	(68,000)	0	0	(68,000)
Total Other Financing Sources (Uses)	(68,000)	0	68,000	0
Net Change in Fund Balances	790,314	(4,926)	(21,819)	763,569
Fund Balances Beginning of Year	4,590,679	608,733	171,668	5,371,080
Fund Balances End of Year	$5,380,993	$603,807	$149,849	$6,134,649

See accompanying notes to the basic financial statements

Sebring 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		$763,569
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Asset Additions	635,102	
Current Year Depreciation	(654,178)	
Total		(19,076)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	27,019	
Income Tax	620	
Intergovernmental	243,784	
Tuition and Fees	26,296	
Miscellaneous	14,358	
Total		312,077
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		100,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest	333	
Amortization of Bond Premiums	9,805	
Amortization of Deferred Charge on Refunding	(6,871)	
Total		3,267
Contractual required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	520,536	
OPEB	19,537	
Total		540,073
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities:		
Pension	(385,198)	
OPEB	716,532	
Total		331,334
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(43,910)
Change in Net Position of Governmental Activities		$1,987,334

See accompanying notes to the basic financial statements

Sebring 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

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$1,198,915	$1,216,381	$1,183,918	($32,463)
Income Taxes	562,994	571,743	593,045	21,302
Intergovernmental	5,844,644	5,927,535	5,607,170	(320,365)
Interest	33,653	34,891	83,944	49,053
Charges for Services	154,767	137,967	139,329	1,362
Tuition and Fees	569,844	576,592	457,479	(119,113)
Contributions and Donations	100	100	0	(100)
Miscellaneous	31,066	32,349	86,948	54,599
Total Revenues	8,395,983	8,497,558	8,151,833	(345,725)
Expenditures				
Current:				
Instruction:				
Regular	3,496,494	3,496,494	3,383,805	112,689
Special	1,108,034	1,108,034	908,709	199,325
Student Intervention Services	694	694	103	591
Support Services:				
Pupils	228,589	228,589	227,843	746
Instructional Staff	41,840	41,840	30,750	11,090
Board of Education	25,228	25,228	16,265	8,963
Administration	866,011	866,011	775,418	90,593
Fiscal	306,957	306,957	298,967	7,990
Business	3,678	3,678	582	3,096
Operation and Maintenance of Plant	1,279,323	1,279,323	1,278,950	373
Pupil Transportation	145,158	145,158	144,694	464
Central	260,915	226,604	149,616	76,988
Extracurricular Activities	210,031	210,031	203,110	6,921
Total Expenditures	7,972,952	7,938,641	7,418,812	519,829
Excess of Revenues Over (Under) Expenditures	423,031	558,917	733,021	174,104
Other Financing Sources (Uses)				
Advances In	29,765	29,765	15,347	(14,418)
Advances Out	(30,658)	(30,658)	(5,099)	25,559
Transfers Out	(68,550)	(68,550)	(68,000)	550
Total Other Financing Sources (Uses)	(69,443)	(69,443)	(57,752)	11,691
Net Change in Fund Balance	353,588	489,474	675,269	185,795
Fund Balance Beginning of Year	4,472,950	4,472,950	4,472,950	0
Prior Year Encumbrances Appropriated	4,565	4,565	4,565	0
Fund Balance End of Year	$4,831,103	$4,966,989	$5,152,784	$185,795

See accompanying notes to the basic financial statements

Sebring Local School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	Private Purpose Trust	
	Memorial	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$1,074	$13,322
Liabilities		
Due to Students	0	13,256
Deposits Held and Due to Others	0	66
Total Liabilities	0	$13,322
Net Position		
Held in Trust for Scholarships	$1,074	

See accompanying notes to the basic financial statements

Sebring Local School District

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

	Memorial
Additions	
Contributions and Donations	$8,100
Deductions	
College Scholarships Awarded	11,300
Change in Net Position	(3,200)
Net Position Beginning of Year	4,274
Net Position End of Year	$1,074

See accompanying notes to the basic financial statements

Note 1 - Description of the School District and Reporting Entity

The Sebring Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's two instructional/support facilities staffed by 40 certified employees, 26 classified employees and 5 administrators who provide services to 420 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool 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. The School District has no component units.

The School District is associated with two jointly governed organizations and two risk sharing pools. These organizations are the Area Cooperative Computerized Education Service System, the Mahoning County Career and Technical Center, Ohio Association of School Business Officials Workers' Compensation Group Rating Program and the Portage Area Schools Consortium. These organizations are presented in Notes 13 and 15 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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 primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, 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 therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain 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 year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

> ***General Fund*** The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported 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 fund is used to account for and report tax levies that are restricted for the repayment of general obligation bonds of the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned 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. The School District's only trust fund is a private-purpose trust fund, which accounts for college scholarships to certain eligible students of the School District. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District agency funds report resources belonging to the student bodies of the various schools and for athletic tournaments.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all 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 (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets 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 (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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 statement presented for the fiduciary fund 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 outflows/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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in 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 year when the resources are required to be used or the 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 nonexchange transactions must also be available before it can be recognized.

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

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 deferred charges on refunding and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 17 and 18.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property 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, income taxes, intergovernmental grants, tuition and fees and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 15. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 17 and 18.)

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

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 positon have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this 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" on the financial statements.

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.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to $83,125, of which $11,082 was 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 equivalents.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of donated and purchased food held for resale.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. 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:

Description	Governmental Activities Estimated Lives
Land Improvements	10 - 20 years
Building and Improvements	10 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	5 - 10 years
Library Books	10 years

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 employer 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 all employees with more than one year of service.

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

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, and are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability (asset) 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.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balances are eliminated in the statement of net position.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 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 School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution or State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balances for school support.

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

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.

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 by recording a current asset for the prepaid amount and reflecting the expense/expenditure in the year in which services are consumed.

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 of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for auxiliary services and extracurricular activities.

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

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.

Budgetary Data

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

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

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

Note 3 – 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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
Nonspendable				
Prepaid Items	$461,772	$0	$0	$461,772
Materials and Supplies	0	0	949	949
Total Nonspendable	461,772	0	949	462,721
Restricted for				
Food Service Operations	0	0	11,956	11,956
Instructional Services	0	0	22,726	22,726
Classroom Facilities Maintenance	0	0	30,963	30,963
Athletics	0	0	25,390	25,390
Student Programs	0	0	7,850	7,850
Debt Service Payments	0	603,807	0	603,807
Capital Improvements	0	0	59,462	59,462
Total Restricted	0	603,807	158,347	762,154
Assigned to				
Public School Support	20,135	0	0	20,135
Purchases on Order				
Instruction	3,968	0	0	3,968
Support Services	1,737	0	0	1,737
Total Assigned	25,840	0	0	25,840
Unassigned (Deficit)	4,893,381	0	(9,447)	4,883,934
Total Fund Balances	$5,380,993	$603,807	$149,849	$6,134,649

Note 4 – Accountability

At June 30, 2019, the title I special revenue fund had a deficit fund balance in the amounts of $9,447. The special revenue fund deficit balance resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

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

3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).

4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

5. Budgetary revenues and expenditures of the public school support are classified to general fund for GAAP reporting.

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

Net Change in Fund Balance

	General
GAAP Basis	$790,314
Net Adjustment for Revenue Accruals	425
Advances In	15,347
Perspective Difference:	
Public School Support	(5,771)
Net Adjustment for Expenditure Accruals	(112,540)
Advances Out	(5,099)
Encumbrances	(7,407)
Budget Basis	$675,269

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

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

Interim monies 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;

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 requirements 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).

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.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2019, $229,088 of the School District's total bank balance of $3,070,211 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 65 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be one hundred two percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2019, the School District had STAR Ohio as an investment. STAR Ohio is being held with an amount of $3,030,221 which is insured at net asset value per share. The average maturity is 53.3 days.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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 distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

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

Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

Accrued property taxes receivable includes real property and public utility property taxes which 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 were levied to finance current fiscal year operations are 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. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2019, was $15,883 in the general fund, $1,370 in the bond retirement debt service fund, $1,192 in the permanent improvement capital projects fund and $255 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2018, was $16,299 in the general fund, $1,415 in the bond retirement debt service fund, $1,224 in the permanent improvement capital projects fund and $262 in the classroom facilities maintenance special revenue fund.

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
Real Estate	$44,587,840	93.48 %	$44,732,700	93.27 %
Public Utility Personal	3,112,090	6.52	3,227,990	6.73
Total	$47,699,930	100.00 %	$47,960,690	100.00 %
Full Tax Rate per $1,000 of assessed valuation	$57.60		$57.60	

Note 8 – School District Income Tax

The voters of the School District passed a 1 percent, five-year School District income tax in the November 2006 election that became effective January 1, 2007. The income tax was renewed for five-years beginning January 1, 2017. The School District income tax revenue received by the general fund during fiscal year 2019 was $591,802.

Note 9 – Capital Assets

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Nondepreciable Capital Assets				
Land	$219,600	$0	$0	$219,600
Depreciable Capital Assets				
Land Improvements	1,125,773	0	0	1,125,773
Buildings and Improvements	16,325,058	598,085	(76,224)	16,846,919
Furniture, Fixtures and Equipment	1,075,849	37,017	0	1,112,866
Vehicles	369,534	0	0	369,534
Library Books	200,764	0	0	200,764
Total at Historical Cost	19,096,978	635,102	(76,224)	19,655,856
Less: Accumulated Depreciation				
Land Improvements	(1,024,758)	(43,516)	0	(1,068,274)
Buildings and Improvements	(9,995,905)	(529,560)	76,224	(10,449,241)
Furniture, Fixtures and Equipment	(905,037)	(40,693)	0	(945,730)
Vehicles	(216,844)	(33,858)	0	(250,702)
Library Books	(192,685)	(6,551)	0	(199,236)
Total Accumulated Depreciation	(12,335,229)	(654,178) *	76,224	(12,913,183)
Depreciable Capital Assets, Net of Accumulated Depreciation	6,761,749	(19,076)	0	6,742,673
Governmental Activities Capital Assets, Net	$6,981,349	($19,076)	$0	$6,962,273

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	$534,901
Special	289
Support Services	
Instructional Staff	1,902
Administration	8,882
Operation and Maintenance of Plant	72,089
Pupil Transportation	30,091
Operation of Food Service	4,397
Extracurricular Activities	1,627
Total Depreciation Expense	$654,178

Note 10 – Long-Term Obligations

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Series 2010 Classroom Facilities Improvement Advanced Refunding Bonds	2.0 to 4.2%	$999,999	2021

Changes in long-term obligations of the School District during fiscal year 2019 were as follows:

	Principal Outstanding June 30, 2018	Additions	Deductions	Principal Outstanding June 30, 2019	Amount Due in One Year
General Obligation Debt					
2010 Classroom Facilities Imporvement					
Advanced Refunding Bonds					
Current Interest Serial Bonds	$200,000	$0	($100,000)	$100,000	$100,000
Current Interest Term Bonds	225,000	0	0	225,000	0
Unamortized Premium	33,499	0	(9,805)	23,694	0
Total General Obligation Debt	458,499	0	(109,805)	348,694	100,000
Other Long-term Obligations					
Net Pension Liability:					
STRS	5,321,102	0	(383,129)	4,937,973	0
SERS	1,521,232	0	(103,365)	1,417,867	0
Total Net Pension Liability	6,842,334	0	(486,494)	6,355,840	0
Net OPEB Liability:					
STRS	873,955	0	(873,955)	0	0
SERS	693,504	2,469	0	695,973	0
Total Net OPEB Liability	1,567,459	2,469	(873,955)	695,973	0
Compensated Absences	450,255	81,016	(37,106)	494,165	128,331
Total Other Long-term Obligations	8,860,048	83,485	(1,397,555)	7,545,978	128,331
Total Long-Term Liabilities	$9,318,547	$83,485	($1,507,360)	$7,894,672	$228,331

Compensated absences will be paid from the general fund and the food service and title I special revenue funds. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the general fund and the food service, title VI-B and title I special revenue funds. See Notes 17 and 18 for additional information related to the net pension/OPEB liabilities.

On April 21, 2010, the School District issued Classroom Facilities Improvement Advance Refunding Bonds in the amount of $999,999 (par value) with interest rates ranging from 2.0 percent to 4.2 percent to advance refund $1,150,000 of the 1999 Classroom Facilities Improvement Bonds with rates ranging from 4.0 percent to 6.125 percent. The refunding bonds were issued at a premium of $113,565 and, after paying issuance costs of $33,985, the net proceeds were $1,229,579. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on 12/1/2010. The advance refunding met the requirements of a legal debt defeasance and all of the 1999 Classroom Facilities Improvement Bonds were removed from the School District's government-wide financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by $304,685, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of $237,132.

The overall debt margin of the School District as of June 30, 2019, was $4,316,462 with an unvoted debt margin of $47,961. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2019, are as follows:

Fiscal Year	Classroom Facilities Improvement Advanced Refunding Bonds - Series 2010		
Ending June 30	Principal	Interest	Total
2020	$100,000	$11,450	$111,450
2021	110,000	7,140	117,140
2022	115,000	2,415	117,415
Total	$325,000	$21,005	$346,005

Note 11 - Receivables

Receivables at June 30, 2019, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Title I Grant	$177,557
SERS Refund	38,588
Title VI-B Grant	33,482
Foundation Adjustments	29,540
Workers' Compensation Refund	14,358
Reducing Class Size Grant	6,546
Miscellaneous Federal Grants	3,512
Total	$303,583

Note 12 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 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. The final adjustment was not material and is not reflected in the accompanying financial statements.

Litigation

The School District is not a party to any material legal proceedings.

Note 13 - Jointly Governed Organizations

Area Cooperative Computerized Education Service System (ACCESS) The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among 26 school districts and 2 educational service centers. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge based upon a per pupil charge before any e-rate credits. Sebring Local School District paid $1,812 monthly to ACCESS during fiscal year 2019. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who services as fiscal agent, at 493 Bev Road, Unit 1, Boardman, Ohio 44512.

Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Mahoning County Career and Technical Center during fiscal year 2019. To obtain financial information, write to the Treasurer of the Career and Technical Center at 7300 North Palmyra Road, Canfield, Ohio 44406.

Note 14 - 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. During fiscal year 2019, the School District contracted with Liberty Mutual for the following insurance coverage:

Type of Coverage	Coverage Amount
Building and Contents - Replacement Cost ($5,000 deductible)	$35,615,927
Boiler and Machinery ($500 deductible)	14,145,000
Inland Marine Coverage ($100 deductible)	62,500
General Liability:	
In Aggregate	2,000,000
Per Occurrence	1,000,000
Fleet Insurance:	
Uninsured Motorists	1,000,000
Comprehensive (deductibles: $1,000 bus / $250 other)	1,000,000
Collision (deductibles: $1,000 bus / $500 other)	1,000,000

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

Employee Health Benefits

The School District participates in the Portage Area Schools Consortium (the Consortium), which is a cooperative entity among 14 educational-service providers formed in 1981 to facilitate effective risk management and to share the cost of providing various insurance coverages and employee benefits. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health, disability and life insurances. A third party administrator is retained by the Consortium to facilitate the operation of the Health and Welfare Trust. The School District pays all insurance premiums directly to the Consortium. The insurance agreement with the Consortium will reinsure through commercial companies for claims over $150,000 per employee. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board, as provided in the Consortium's enabling authority. Although the School District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet claims.

Worker's Compensation

For fiscal year 2019, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). 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 program. The participating school districts pay experience or rate based premiums to the Bureau of Workers' Compensation (BWC). The total premium for the entire group is the standard premium of the group. Participation in the program is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services for the program.

Note 15 – Public Entity Pools

Insurance Purchasing Pool

Ohio Association of School Business Officials Workers' Compensation Group Rating Program The School District participates in the a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as the coordinator of the GRP. Each year, participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Shared Risk Pool

Portage Area Schools Consortium The School District participates in the Portage Area Schools Consortium (the Consortium). This is a shared risk pool regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in Columbiana, Portage and Mahoning counties. The Consortium is a stand-alone entity, comprised of two stand-alone pools; the Portage Area Schools Consortium Property and Casualty Pool and the Portage Area Schools Consortium Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

Note 16 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation. Administrators earn twenty to twenty-five days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 275 days for all personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit up to a maximum of 60 days for certified employees and one-third of accrued but unused sick leave credit up to a maximum of 65 days for classified employees.

Note 17 – Defined Benefit Pension Plans

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

Net Pension Liability/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.

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 18 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. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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 .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $117,905 for fiscal year 2019. Of this amount $7,897 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 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 $402,631 for fiscal year 2019. Of this amount $38,631 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
Proportion of the Net Pension Liability Prior Measurement Date	0.02546090%	0.02239972%	
Proportion of the Net Pension Liability Current Measurement Date	0.02475680%	0.02245783%	
Change in Proportionate Share	-0.00070410%	0.00005811%	
Proportionate Share of the Net Pension Liability	$1,417,867	$4,937,973	$6,355,840
Pension Expense	$57,740	$327,458	$385,198

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
Deferred Outflows of Resources			
Differences between expected and actual experience	$77,761	$113,984	$191,745
Changes of assumptions	32,019	875,101	907,120
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	40,778	71,586	112,364
School District contributions subsequent to the measurement date	117,905	402,631	520,536
Total Deferred Outflows of Resources	$268,463	$1,463,302	$1,731,765
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$32,248	$32,248
Net difference between projected and actual earnings on pension plan investments	39,285	299,433	338,718
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	132,505	362,138	494,643
Total Deferred Inflows of Resources	$171,790	$693,819	$865,609

$520,536 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$64,110	$281,721	$345,831
2021	(26,764)	215,930	189,166
2022	(46,531)	(66,994)	(113,525)
2023	(12,047)	(63,805)	(75,852)
Total	($21,232)	$366,852	$345,620

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 presented below:

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)

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.

	1% Decrease (6.5%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$1,997,174	$1,417,867	$932,159

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 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:

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	100.00 %	

* 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	$7,211,259	$4,937,973	$3,013,944

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/State Teachers Retirement System of Ohio. As of June 30, 2019, 4 members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

Note 18 – Defined Benefit OPEB Plans

See Note 17 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, .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 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 $15,170.

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 $19,537 for fiscal year 2019. Of this amount $15,462 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.02584100%	0.02239972%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.02508670%	0.02245783%	
Change in Proportionate Share	-0.00075430%	0.00005811%	
Proportionate Share of the:			
Net OPEB Liability	$695,973	$0	$695,973
Net OPEB (Asset)	$0	($360,874)	($360,874)
OPEB Expense	$1,819	($718,351)	($716,532)

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
Deferred Outflows of Resources			
Differences between expected and actual experience	$11,361	$42,151	$53,512
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	2,071	2,071
School District contributions subsequent to the measurement date	19,537	0	19,537
Total Deferred Outflows of Resources	$30,898	$44,222	$75,120
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$21,026	$21,026
Changes of assumptions	62,528	491,719	554,247
Net difference between projected and actual earnings on OPEB plan investments	1,044	41,227	42,271
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	70,767	64,032	134,799
Total Deferred Inflows of Resources	$134,339	$618,004	$752,343

$19,537 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	($55,979)	($104,098)	($160,077)
2021	(44,215)	(104,098)	(148,313)
2022	(6,966)	(104,098)	(111,064)
2023	(6,521)	(94,735)	(101,256)
2024	(6,593)	(91,446)	(98,039)
Thereafter	(2,704)	(75,307)	(78,011)
Total	($122,978)	($573,782)	($696,760)

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 below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 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 17.

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 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	$844,508	$695,973	$578,361

	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	$561,522	$695,973	$874,009

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 below:

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.

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 17.

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	$309,303	($360,874)	($404,218)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($401,771)	($360,874)	($319,341)

Note 19 – Interfund Balances and Transfers

Interfund Balances

Interfund balances at June 30, 2019 consist of the following individual fund receivables and payables:

	Interfund Receivable
Interfund Payable	General
Other Governmental Funds	
Title I	$5,099
Miscellaneous Federal Grants	600
Grand Total	$5,699

The interfund receivables and payables are advances due to the timing of the receipt of grant monies received by various funds. The general fund provides money to operate the programs until grants are received and the advances can be repaid. These advances are expected to be repaid within the next fiscal year.

Interfund Transfers

During fiscal year 2019, the general fund transferred $68,000 to the food service special revenue fund to provide financial support for the School District’s food service programs.

Note 20 - Set Asides

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

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

	Capital Improvements
Set Aside Balance as of June 30, 2018	$0
Current Year Set-aside Requirement	87,644
Current Year Offsets	(104,882)
Qualifying Disbursements	(648,556)
Total	($665,794)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set Aside Balance as of June 30, 2019	$0

Although the School District had current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 21 - Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds	
General	$7,407
Other Governmental Funds	9,757
Total Governmental Funds	$17,164

Note 22 – Tax Abatements

School District property taxes were reduced by $16,259 under community reinvestment area agreements entered into by the Village of Sebring.

Note 23 – Change in Accounting Principle

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*, 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.

Required Supplementary Information

Sebring 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
School District's Proportion of the Net Pension Liability	0.02475680%	0.02546090%	0.02873860%
School District's Proportionate Share of the Net Pension Liability	$1,417,867	$1,521,233	$2,103,400
School District's Covered Payroll	$807,714	$842,657	$742,236
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	175.54%	180.53%	283.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

*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
0.02429860%	0.02928400%	0.02928400%
$1,386,502	$1,482,046	$1,741,425
$657,314	$781,205	$861,821
210.93%	189.71%	202.06%
69.16%	71.70%	65.52%

Sebring 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
School District's Proportion of the Net OPEB Liability	0.02508670%	0.02584100%	0.02584100%
School District's Proportionate Share of the Net OPEB Liability	$695,973	$693,505	$736,594
School District's Covered Payroll	$807,714	$842,657	$742,236
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	86.17%	82.30%	99.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

*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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Sebring 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	0.02245783%	0.02239972%	0.02407597%
School District's Proportionate Share of the Net Pension Liability	$4,937,973	$5,321,101	$8,058,953
School District's Covered Payroll	$2,553,079	$2,462,571	$2,505,407
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	193.41%	216.08%	321.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

*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
0.02345408%	0.02471351%	0.02471351%
$6,482,022	$6,011,180	$7,160,479
$2,539,136	$2,638,577	$2,700,077
255.28%	227.82%	265.20%
72.10%	74.70%	69.30%

Sebring Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability

State Teachers Retirement System of Ohio

Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.02245783%	0.02239972%	0.02239972%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($360,874)	$873,954	$1,197,943
School District's Covered Payroll	$2,553,079	$2,462,571	$2,505,407
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered - Payroll	-14.13%	35.49%	47.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

*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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Sebring Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$117,905	$109,041	$117,972	$103,903
Contributions in Relation to the Contractually Required Contribution	(117,905)	(109,041)	(117,972)	(103,903)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$873,370	$807,714	$842,657	$742,236
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	19,537	17,463	14,103	14,904
Contributions in Relation to the Contractually Required Contribution	(19,537)	(17,463)	(14,103)	(14,904)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	2.24%	2.16%	1.67%	2.01%
Total Contributions as a Percentage of Covered Payroll (2)	15.74%	15.66%	15.67%	16.01%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$86,634	$108,275	$119,276	$113,036	$115,252	$111,723
(86,634)	(108,275)	(119,276)	(113,036)	(115,252)	(111,723)
$0	$0	$0	$0	$0	$0
$657,314	$781,205	$861,821	$840,416	$916,881	$825,133
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
17,373	20,415	19,844	17,358	38,418	26,825
(17,373)	(20,415)	(19,844)	(17,358)	(38,418)	(26,825)
$0	$0	$0	$0	$0	$0
2.64%	2.61%	2.30%	2.07%	4.19%	3.25%
15.82%	16.47%	16.14%	15.52%	16.76%	16.79%

Sebring Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$402,631	$357,431	$344,760	$350,757
Contributions in Relation to the Contractually Required Contribution	(402,631)	(357,431)	(344,760)	(350,757)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$2,875,936	$2,553,079	$2,462,571	$2,505,407
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$355,479	$343,015	$351,010	$376,002	$403,276	$386,441
(355,479)	(343,015)	(351,010)	(376,002)	(403,276)	(386,441)
$0	$0	$0	$0	$0	$0
$2,539,136	$2,638,577	$2,700,077	$2,892,323	$3,102,123	$2,972,623
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$0	$26,386	$27,001	$28,923	$31,021	$29,726
0	(26,386)	(27,001)	(28,923)	(31,021)	(29,726)
$0	$0	$0	$0	$0	$0
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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 below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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 below:

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.

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*

Sebring Local School District
Mahoning County
510 North 14th Street
Sebring, Ohio 44672

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 Sebring Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

February 6, 2020

Sebring Local Schools

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	**Ohio Rev. Code 5705.10(D**) - Misposting of Receipts.	Fully Corrected	

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OHIO AUDITOR OF STATE
KEITH FABER

SEBRING LOCAL SCHOOL DISTRICT

MAHONING 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
FEBRUARY 25, 2020