EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2018

TABLE OF CONTENTS

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2018

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

INDEPENDENT AUDITOR'S REPORT

Eastland-Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career & Technical Schools, Franklin County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career & Technical Schools, Franklin County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Ohio Auditor of State

Columbus, Ohio

January 16, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Eastland-Fairfield Career & Technical Schools' (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Governmental Activities:

- The School District's assets and deferred outflows of resources of its governmental activities exceeded its liabilities plus deferred inflows of resources at June 30, 2018 by $22,800,591.

- The School District's net position of governmental activities increased $12,076,102, which represents a 113 percent increase from the prior year's net position.

- General revenues of governmental activities accounted for $23,336,242 in revenue or 92 percent of governmental activities revenues. Program specific revenues of governmental activities in the form of charges for services and sales, grants and contributions accounted for $2,031,431 or 8 percent of total revenues of $25,367,673.

- The School District had $13,291,571 in expenses related to governmental activities; only $2,031,431 of these expenses were offset by program specific charges for services and sales, grants, or contributions.

Business-Type Activities:

- The School District's assets and deferred outflows of resources of its business-type activities exceeded its liabilities plus deferred inflows of resources at June 30, 2018 by $1,656,387.

- The School District's net position of business-type activities increased $689,726, which represents a 71 percent increase from prior year's net position.

- General revenues of business-type activities accounted for $1,747 in revenue or less than 1 percent of business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $1,475,232 or more than 99 percent of total revenues of $1,476,979.

- The School District had $787,253 in expenses related to adult and community education; all of these expenses were offset by program specific charges for services and sales, and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the School District's financial situation as a whole and also give a detailed view of its financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's major governmental fund with all other non-major funds presented in total in one column. The major governmental fund of the School District is the General Fund. The other major fund for the School District is the Adult Education Enterprise Fund.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to that net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the School District's overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities. Some of the School District's programs and services that are reported here include instruction, support services, non-instructional services, and extracurricular activities.

- Business-Type Activities. These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's adult education program is reported as a business-type activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 9. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's only major funds are the General Fund and the Adult Education Enterprise Fund.

Governmental Funds. Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to 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.

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Fiduciary Funds. The School District's fiduciary funds are agency funds. The School District's fiduciary funds are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2018 compared to 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Assets:						
Current and						
Other Assets	$ 41,413,227	$ 38,030,081	$ 2,520,187	$ 3,548,247	$43,933,414	$41,578,328
Capital Assets, Net	22,059,661	22,907,807	1,265,492	433,200	23,325,153	23,341,007
Total Assets	63,472,888	60,937,888	3,785,679	3,981,447	67,258,567	64,919,335
Deferred Outflows of Resources:						
Pensions	6,887,133	6,092,742	538,981	493,431	7,426,114	6,586,173
OPEB	211,021	24,918	16,205	1,367	227,226	26,285
	7,098,154	6,117,660	555,186	494,798	7,653,340	6,612,458
Liabilities:						
Current and Other						
Liabilities	2,837,433	2,498,849	88,763	150,111	2,926,196	2,648,960
Non-Current Liabilities						
Due Within One Year	876,199	882,462	25,700	32,521	901,899	914,983
Due in More Than One Year:						
Net Pension Liability	23,611,128	32,759,717	1,783,522	2,710,659	25,394,650	35,470,376
Net OPEB Liability	5,434,708	6,889,461	378,322	488,882	5,813,030	7,378,343
Other Amounts	1,846,355	2,169,620	27,738	33,508	1,874,093	2,203,128
Total Liabilities	34,605,823	45,200,109	2,304,045	3,415,681	36,909,868	48,615,790
Deferred Inflows of Resources:						
Pensions	1,907,487	1,132,301	300,107	93,903	2,207,594	1,226,204
OPEB	742,138	-	80,326	-	822,464	-
Property Taxes not Levied to						
Finance Current Year Operations	10,515,003	9,998,649	-	-	10,515,003	9,998,649
	13,164,628	11,130,950	380,433	93,903	13,545,061	11,224,853
Net Position:						
Net Investment in Capital Assets	20,418,292	21,065,710	1,265,492	361,733	21,683,784	21,427,443
Restricted	-	16,061	-	-	-	16,061
Unrestricted	2,382,299	(10,357,282)	390,895	604,928	2,773,194	(9,752,354)
Total Net Position	$ 22,800,591	$ 10,724,489	$ 1,656,387	$ 966,661	$24,456,978	$11,691,150

*As Restated

Total net position of the School District as a whole increased $12,765,828. The increase in total assets of $2,339,232 was due primarily to an increase in taxes receivable and equity in pooled cash and investments in 2018. Deferred outflows of resources increased due primarily to pension and other postemployment benefits. Current and other liabilities increased from 2017 to 2018 due to an increase in accrued wages and benefits and contracts payable.

The net pension liability decreased from 2017 to 2018 due to actuarial calculations which the School District cannot control. Deferred inflows increased from 2017 to 2018 due to increases in deferred inflows related to pension activity, OPEB activity and property taxes not levied to finance current year operations.

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.
Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.
In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each

plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $19,043,208 to $11,691,150.

Governmental Activities
Table 2 shows the changes in net position for the fiscal years ended June 30, 2018 and 2017.

Table 2

	Governmental Activities 2018	Governmental Activities 2017*
Revenues		
Program Revenues		
Charges for Services and Sales	611,717	608,655
Operating Grants and Contributions	1,419,714	1,961,431
Total Program Revenues	2,031,431	2,570,086
General Revenues		
Property Taxes	15,483,955	13,778,687
Grants and Entitlements, Not Restricted to Specific Programs	7,506,298	7,344,784
Investment Earnings	131,764	260,026
Gifts and Donations, Not Restricted to Specific Programs	11,088	4,472
Miscellaneous	203,137	417,484
Total General Revenues	23,336,242	21,805,453
Total Revenues	25,367,673	24,375,539
Program Expenses		
Instruction:		
Regular	1,612,209	4,332,442
Special	453,950	902,388
Career and Technical	4,229,259	7,635,228
Adult/Continuing	57,636	325,217
Other	168,654	277,094
Support Services:		
Pupils	530,736	1,133,190
Instructional Staff	287,702	629,284
Board of Education	30,425	27,716
Administration	994,108	2,195,621
Fiscal	774,618	882,576
Business	98	-
Operation and Maintenance of Plant	2,476,334	2,515,591
Pupil Transportation	59,066	68,970
Central	1,064,958	1,189,421
Non-Instructional Services	377,756	432,982
Extracurricular Activities	127,337	132,040
Interest and Fiscal Charges	46,725	57,866
Total Expenses	13,291,571	22,737,626
Increase (Decrease) in Net Position	12,076,102	1,637,913
Net Position, Beginning of Year - As Restated	10,724,489	15,951,119
Net Position, End of Year	$ 22,800,591	$ 17,589,032

* Information for the implementation of GASB 75 with regards to expenses was not available and therefore amounts were not restated. See Note 20 for additional information.

Property tax revenues increased from 2017 to 2018 primarily due to an increase in property tax valuations. The increase in grants and entitlements not restricted to specific programs is due to an increase in foundation monies received by the School District in 2018 and a reclassification of special education weighted funding. The reclassification of special education weighted funding decreased operating grants and contributions from 2017 to 2018. Miscellaneous revenues decreased due to a receipt in the amount of $280,000 in 2017 from Columbia Gas in order to enter into a pipeline easement. Investment earnings decreased due to unfavorable market conditions in 2018. The decrease in regular instruction, pupil support services and central support service expenses is due mainly to pension activity and other postemployment benefits activity.

Property taxes comprised 61 percent of revenues for governmental activities of the School District for fiscal year 2018 and represent the largest source of revenue. General revenue grants and entitlements comprised 29 percent of revenue for governmental activities during 2018.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 49 percent of governmental program expenses with support services comprising 47 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the School District.

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$6,521,708	$5,779,729	$13,472,369	$12,164,789
Support Services	6,218,045	5,175,289	8,642,369	7,635,373
Non-Instructional Services	377,756	136,204	432,982	180,014
Extracurricular Activities	127,337	122,238	132,040	129,535
Interest and Fiscal Charges	46,725	46,680	57,866	57,829
Total Expenses	$13,291,571	$11,260,140	$22,737,626	$20,167,540

Business-Type Activities

Table 4 shows the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

Table 4
Change in Net Position for Business-Type Activities

	2018	2017*
Revenues		
Program Revenues:		
Charges for Services and Sales	$1,004,036	$960,233
Operating Grants and Contributions	471,196	512,894
Total Program Revenues	1,475,232	1,473,127
General Revenues:		
Other	1,747	7,337
Total General Revenues	1,747	7,337
Total Revenues	1,476,979	1,480,464
Program Expenses	787,253	1,354,020
Increase (Decrease) in Net Position	689,726	126,444
Net Position at Beginning of Year- As Restated	966,661	1,327,732
Net Position at End of Year	$1,656,387	$1,454,176

* Information for the implementation of GASB 75 with regards to expenses was not available and therefore amounts were not restated. See Note 20 for additional information.

Business-type activities are comprised of adult and community education. The adult education program has two components: community education programs and after school programs. Charges for services and sales increased due to increased tuition and fees which is driven by enrollment. Program expenses decreased from the prior year primarily due to changes in pension and OPEB activity.

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major governmental fund begins on page 14. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $25,961,207 and expenditures and other financing uses of $22,824,693. The General Fund balance increased $3,230,029, due to increased tax revenues.

Business-type activity funds are accounted for using the full accrual basis of accounting. The Adult Education Fund is the School District's only business-type activity fund, which had total operating and nonoperating revenues of $1,476,979 and expenses of $787,253. The Adult Education Fund net position increased $689,726. This was a result of revenues exceeding expenses.

The School District's budget is adopted on a fund basis. Periodically, the Board adopts the five year forecast, which provides subtotals of expenditures by object level. The five year forecast is adopted when the temporary appropriation measure, permanent appropriation measure and tax budget are adopted.

During 2018, there were several revisions made to the General Fund budget. Total estimated revenues increased $652,811 from original to final due to an increase in expected property tax and intergovernmental revenues. Actual revenues increased $445,692 over final estimated revenues due to intergovernmental receipts and return advances being higher than expected. Total estimated appropriations increased from the original to the final by $130,315 due to personnel adjustments for salaries and fringe benefits. Final appropriations were greater than actual expenditures due to a practice of the School District to base the budget on the prior year's budget and not the prior year's expenditures. This removes any notion of being penalized in future years for not spending budgeted funds in a current year. The School District's ending un-obligated cash balance was $6,670,698 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the School District had $23,325,153 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows the fiscal year 2018 balances compared to 2017. For additional information regarding capital assets please see Note 7 to the basic financial statements.

Table 5
Capital Assets
(Net of Depreciation)

	2018	2017
Governmental Activities:		
Land	$ 449,800	$ 449,800
Construction in Progress	35,883	-
Buildings and Improvements	19,506,994	20,115,898
Furniture and Equipment	1,919,440	2,158,981
Vehicles	147,544	183,128
Subtotal	22,059,661	22,907,807
Business-Type Activities:		
Construction in Progress	-	65,750
Buildings and Improvements	1,234,822	354,778
Furniture and Equipment	30,670	12,672
Subtotal	1,265,492	433,200
Totals	$ 23,325,153	$ 23,341,007

Changes in capital assets from the prior year resulted from additions, deletions and depreciation.

Debt

At June 30, 2018, the School District had outstanding long-term debt. Table 6 summarizes bonds and capital lease obligations outstanding at year end:

Table 6
Outstanding Bonds and Notes at Year End
Governmental Activities

	2018	2017
Capital Improvement Bonds	$1,400,000	$1,750,000
Capital Lease	$11,651	$26,435

For additional information regarding long term obligations, please see Note 12 to the basic financial statements.

ECONOMIC FACTORS

HB 59 returned to the formula – with an overall guarantee and an overall cap (minimums and maximums), that included components such as the current year's enrollment and a state share percentage. The District remained on the guarantee for 2014 but FY 2015 was increased by the formula – and actually experienced the gain cap. FYs 2016 was again formula, under year 1 of HB 64. FY 2017 was also formula – and again nearly experienced the gain cap. FY 2018 is the first year of HB 49, and the District is on the guarantee; however, it is anticipated that FY 2019 will again experience the formula – possibly to the gain cap, due to significant potential increased enrollment – based on student applications submitted at the time of this forecast.

The School District serves the six counties of Franklin, Fairfield, Pickaway, Hocking, Licking, and Perry. Unfortunately, an unprecedented decrease in appraisal values occurred, due to the housing market changes that began in 2008 and the reappraisals that took place reflecting the changes. The benefit of the full 2.0 mills that had been experienced during the prior years saw a full decrease, as no "buffer" exists between voted and effective millage, so the School District saw the full 2.0 mill impact on the appraisal decreases, making fiscal year 2013 revenues similar to FY 2006. Fiscal years 2014, 2015, and 2016 finished the year with slight increases, compared to fiscal year 2013. FY 2017 saw a modest increase and reappraisal cycles are expected to show favorable increases in valuations and resulting tax revenue. FY 2018 saw a $1 million increase in property taxes, compared to FY 2017 - more than a 6.5% increase. Franklin and Pickaway county reappraisals are taking place in calendar year 2017 – so a partial impact for FY 2018 and full impact FY 2019. Fairfield county's will take place in calendar year 2019.

The School District continues to look at cost restructuring and cost reductions to operate within the combination of School District's existing cash balance and revenues. Although the last levy passage was February 1998, the School District is making every effort to continue to operate within the 2 mills.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial situation and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dawn Lemley, Treasurer, Eastland-Fairfield Career & Technical Schools, 4300 Amalgamated Place, Groveport, Ohio 43125-0419.

Eastland-Fairfield Career & Technical Schools
Statement of Net Position
As of June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	$24,991,575	$2,452,600	$27,444,175
Receivables:			
Taxes	15,898,043	-	15,898,043
Accounts	-	51,103	51,103
Interfund	11,680	-	11,680
Interest	82,361	-	82,361
Intergovernmental	244,971	3,881	248,852
Prepaid Items	184,597	12,603	197,200
Non-Depreciable Capital Assets	485,683	-	485,683
Capital Assets, Net	21,573,978	1,265,492	22,839,470
Total Assets	63,472,888	3,785,679	67,258,567
Deferred Outflows of Resources			
Pensions:			
State Teachers Retirement System	5,901,719	484,929	6,386,648
School Employees Retirement System	985,414	54,052	1,039,466
OPEB:			
State Teachers Retirement System	168,287	13,861	182,148
School Employees Retirement System	42,734	2,344	45,078
Total Deferred Outflows of Resources	7,098,154	555,186	7,653,340
Liabilities			
Accounts Payable	$116,021	$25,892	$141,913
Accrued Wages and Benefits	1,607,123	45,596	1,652,719
Claims Payable	619,591	-	619,591
Contracts Payable	229,718	-	229,718
Accrued Interest Payable	3,442	-	3,442
Intergovernmental Payable	261,538	17,275	278,813
Non-Current Liabilities:			
Due Within One Year	876,199	25,700	901,899
Due in More Than One Year			
Net Pension Liability (See Note 9)	23,611,128	1,783,522	25,394,650
Net OPEB Liability (See Note 10)	5,434,708	378,322	5,813,030
Other Amounts Due in More Than One Year	1,846,355	27,738	1,874,093
Total Liabilities	34,605,823	2,304,045	36,909,868
Deferred Inflows of Resources			
Pensions:			
State Teachers Retirement System	1,371,186	275,972	1,647,158
School Employees Retirement System	536,301	24,135	560,436
OPEB:			
State Teachers Retirement System	361,841	61,799	423,640
School Employees Retirement System	380,297	18,527	398,824
Property Taxes Not Levied to Finance Current Year Operations	10,515,003	-	10,515,003
Total Deferred Inflows of Resources	13,164,628	380,433	13,545,061
Net Position			
Net Investment in Capital Assets	20,418,292	1,265,492	21,683,784
Unrestricted	2,382,299	390,895	2,773,194
Total Net Position	$22,800,591	$1,656,387	$24,456,978

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	$ 1,612,209	$ 58,294	$ -	$ (1,553,915)	$ -	$ (1,553,915)
Special	453,950	11,131	126,963	(315,856)	-	(315,856)
Career and Technical	4,229,259	91,054	46,078	(4,092,127)	-	(4,092,127)
Adult/Continuing	57,636	-	287,382	229,746	-	229,746
Other	168,654	900	120,177	(47,577)	-	(47,577)
Support Services:						
Pupil	530,736	6,417	291,133	(233,186)	-	(233,186)
Instructional Staff	287,702	7,321	72,023	(208,358)	-	(208,358)
Board of Education	30,425	1,218	47,232	18,025	-	18,025
Administration	994,108	32,719	-	(961,389)	-	(961,389)
Fiscal	774,618	30,994	-	(743,624)	-	(743,624)
Business	98	4	-	(94)	-	(94)
Operation and Maintenance of Plant	2,476,334	85,806	355,327	(2,035,201)	-	(2,035,201)
Pupil Transportation	59,066	1,731	-	(57,335)	-	(57,335)
Central	1,064,958	37,432	73,399	(954,127)	-	(954,127)
Non-Instructional Services	377,756	241,552	-	(136,204)	-	(136,204)
Extracurricular Activities	127,337	5,099	-	(122,238)	-	(122,238)
Interest and Fiscal Charges	46,725	45	-	(46,680)	-	(46,680)
Total Governmental Activities	13,291,571	611,717	1,419,714	(11,260,140)	-	(11,260,140)
Business-Type Activities						
Adult and Community Education	787,253	1,004,036	471,196	-	687,979	687,979
Total Business-Type Activities	787,253	1,004,036	471,196	-	687,979	687,979
Total All Activities	$ 14,078,824	$ 1,615,753	$ 1,890,910	$ (11,260,140)	$ 687,979	$ (10,572,161)
		General Revenues				
		Property Taxes Levied for:				
		General Purposes		15,483,955	-	15,483,955
		Grants and Entitlements not Restricted to Specific Programs		7,506,298	-	7,506,298
		Gifts and Donations not Restricted to Specific Programs		11,088	-	11,088
		Investment Earnings		131,764	-	131,764
		Miscellaneous		203,137	1,747	204,884
		Total General Revenues		23,336,242	1,747	23,337,989
		Change in Net Position		12,076,102	689,726	12,765,828
		Net Position Beginning of Year - As Restated		10,724,489	966,661	11,691,150
		Net Position End of Year		$ 22,800,591	$ 1,656,387	$ 24,456,978

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools

Balance Sheet

Governmental Funds

As of June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	$ 24,652,999	$ 169,494	$ 24,822,493
Receivables:			
Taxes	15,898,043	-	15,898,043
Interest	82,361	-	82,361
Intergovernmental Receivable	83,438	161,533	244,971
Interfund Receivable	327,264	-	327,264
Prepaid Items	181,228	3,369	184,597
Total Assets	$41,225,333	$334,396	$41,559,729
Liabilities			
Accounts Payable	$ 116,021	$ -	$ 116,021
Contracts Payable	152,824	76,894	229,718
Accrued Wages and Benefits	1,485,254	121,869	1,607,123
Interfund Payable	-	315,584	315,584
Intergovernmental Payable	224,966	36,572	261,538
Total Liabilities	1,979,065	550,919	2,529,984
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	10,515,003	-	10,515,003
Unavailable Revenue - Delinquent Taxes	578,043	-	578,043
Unavailable Revenue - Interest	38,647	-	38,647
Total Deferred Inflows of Resources	11,131,693	-	11,131,693
Fund Balances			
Nonspendable	181,228	3,369	184,597
Assigned	13,965,267	-	13,965,267
Unassigned	13,968,080	(219,892)	13,748,188
Total Fund Balances	28,114,575	(216,523)	27,898,052
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 41,225,333	$ 334,396	$ 41,559,729

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools

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

Total Governmental Fund Balances		$27,898,052
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.		22,059,661
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Interest	38,647	
Taxes	578,043	
Total		616,690
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		(450,509)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	6,887,133	
Deferred outflows of resources related to OPEB	211,021	
Deferred inflows of resources related to pensions	(1,907,487)	
Deferred inflows of resources related to OPEB	(742,138)	
Net Pension Liability	(23,611,128)	
Net OPEB Liability	(5,434,708)	
Total		(24,597,307)
Long-term liabilities, including bonds, capital lease obligations, accrued interest, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(3,442)	
Compensated Absences	(1,310,903)	
School Improvement and Construction Bonds	(1,400,000)	
Capital Lease Obligations	(11,651)	
Total		(2,725,996)
Net Position of Governmental Activities		$22,800,591

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 15,589,439	$ -	$ 15,589,439
Tuition and Fees	194,603	-	194,603
Earnings on Investments	123,351	-	123,351
Intergovernmental	7,506,298	1,419,714	8,926,012
Charges for Services	163,995	243,158	407,153
Rentals	9,961	-	9,961
Gifts and Donations	11,088	-	11,088
Other	200,930	2,207	203,137
Total Revenues	23,799,665	1,665,079	25,464,744
Expenditures			
Current:			
Instruction:			
Regular	4,306,118	-	4,306,118
Special	1,062,863	143,878	1,206,741
Career and Technical	6,021,310	52,217	6,073,527
Adult/Continuing	-	325,669	325,669
Other	74,598	138,223	212,821
Support Services:			
Pupil	734,096	331,174	1,065,270
Instructional Staff	424,050	81,493	505,543
Board of Education	32,769	-	32,769
Administration	2,084,532	53,525	2,138,057
Fiscal	882,475	-	882,475
Business	98	-	98
Operation and Maintenance of Plant	2,340,296	12,402	2,352,698
Pupil Transportation	47,000	-	47,000
Central	1,063,501	87,204	1,150,705
Extracurricular Activities	127,337	-	127,337
Non-Instructional Services	24,279	404,609	428,888
Capital Outlay	831,945	228,200	1,060,145
Debt Service:			
Principal	14,784	350,000	364,784
Interest	1,122	46,463	47,585
Total Expenditures	20,073,173	2,255,057	22,328,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,726,492	(589,978)	3,136,514
Other Financing Sources (Uses)			
Transfers In	-	496,463	496,463
Transfers Out	(496,463)	-	(496,463)
Total Other Financing Sources (Uses)	(496,463)	496,463	-
Net Change in Fund Balances	3,230,029	(93,515)	3,136,514
Fund Balances at Beginning of Year	24,884,546	(123,008)	24,761,538
Fund Balances at End of Year	$ 28,114,575	$ (216,523)	$ 27,898,052

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$3,136,514
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 asset additions in the current period.		
Capital Asset Additions	1,060,145	
Current Year Depreciation	(1,748,270)	
Total		(688,125)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.		
Loss on Disposal of Capital Assets	(160,021)	
Total		(160,021)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(105,484)	
Interest	8,413	
Total		(97,071)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		350,000
Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		14,784
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		(512,095)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,719,275
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense (gain) in the statement of activities.		7,491,253
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense (gain) in the statement of activities.		855,984
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.		
Increase in Compensated Absences	(35,256)	
Decrease in Interest Payable	860	
Total		(34,396)
Change in Net Position of Governmental Activities		$12,076,102

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools

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

	Budgeted Amounts			Variance with Final Budget: Positive
	Original	Final	Actual	(Negative)
Total Revenues and Other Sources	$ 22,057,328	$ 22,710,139	$ 23,155,831	$ 445,692
Total Expenditures and Other Uses	29,123,997	29,254,312	23,029,306	6,225,006
Net Change in Fund Balance	(7,066,669)	(6,544,173)	126,525	6,670,698
Fund Balance, July 1	20,892,141	20,892,141	20,892,141	0
Prior Year Encumbrances Appropriated	1,002,152	1,002,152	1,002,152	0
Fund Balance, June 30	$ 14,827,624	$ 15,350,120	$ 22,020,818	$ 6,670,698

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools
Statement of Net Position
Proprietary Funds
As of June 30, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Assets		
Current Assets:		
Equity in Pooled Cash		
and Investments	$ 2,452,600	$ 169,082
Accounts Receivable	51,103	-
Intergovernmental Receivable	3,881	-
Prepaid Items	12,603	-
Total Current Assets	2,520,187	169,082
Noncurrent Assets:		
Capital Assets, net	1,265,492	-
Total Noncurrent Assets	1,265,492	-
Total Assets	3,785,679	169,082
Deferred Outflows of Resources		
Pensions:		
State Teachers Retirement System	484,929	-
School Employees Retirement System	54,052	-
OPEB:		
State Teachers Retirement System	13,861	-
School Employees Retirement System	2,344	-
Total Deferred Outflows of Resources	555,186	-
Liabilities		
Current Liabilities:		
Accounts Payable	25,892	-
Accrued Wages and Benefits	45,596	-
Claims Payable	-	619,591
Intergovernmental Payable	17,275	-
Total Current Liabilities	88,763	619,591
Non-Current Liabilities:		
Due Within One Year	25,700	-
Net Pension Liability	1,783,522	-
Net OPEB Liability	378,322	-
Other Amounts Due in More Than One Year	27,738	-
Total Non-Current Liabilities	2,215,282	-
Total Liabilities	2,304,045	619,591
Deferred Inflows of Resources		
Pensions:		
State Teachers Retirement System	275,972	-
School Employees Retirement System	24,135	-
OPEB:		
State Teachers Retirement System	61,799	-
School Employees Retirement System	18,527	-
Total Deferred Inflows of Resources	380,433	-
Net Position		
Net Investment in Capital Assets	1,265,492	-
Unrestricted	390,895	(450,509)
Total Net Position	$ 1,656,387	$ (450,509)

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Operating Revenues		
Tuition and Fees	$ 995,636	$ -
Charges for Services	8,400	2,394,943
Miscellaneous	182	-
Total Operating Revenues	1,004,218	2,394,943
Operating Expenses		
Salaries, Wages and Fringe Benefits	302,444	-
Purchased Services	206,607	775,647
Claims	-	2,131,391
Materials and Supplies	216,345	-
Depreciation Expense	58,700	-
Miscellaneous	3,157	-
Total Operating Expenses	787,253	2,907,038
Operating Income (Loss)	216,965	(512,095)
Nonoperating Revenues		
Intergovernmental Revenues	471,196	-
Other	1,565	-
Total Nonoperating Revenues	472,761	-
Changes in Net Position	689,726	(512,095)
Net Position at Beginning of Year - As Restated	966,661	61,586
Net Position at End of Year	$ 1,656,387	$ (450,509)

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash Received from Transaction with Other Funds	$ -	$ 2,394,943
Cash Received from Other Operating Sources	182	-
Cash Received from Tuition Payments and Charges for Services	1,011,491	-
Cash Payments to Suppliers for Services	(498,720)	(775,647)
Cash Payments to Employees for Services and Benefits	(1,118,981)	-
Cash Payments for Claims	-	(2,056,985)
Net Cash Used for Operating Activities	(606,028)	(437,689)
Cash Flows from Noncapital Financing Activities:		
Intergovernmental	471,196	-
Other non-operating sources	1,565	-
Net Cash Provided by Noncapital Financing Activities	472,761	-
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions	(890,992)	-
Net Cash Used for Capital and Related Financing Activities	(890,992)	-
Net Decrease in Cash and Cash Equivalents	(1,024,259)	(437,689)
Cash and Cash Equivalents at Beginning of Year	3,476,859	606,771
Cash and Cash Equivalents at End of Year	$ 2,452,600	$ 169,082
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities		
Operating Income (Loss)	$ 216,965	$ (512,095)
Depreciation Expense	58,700	-
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Decrease in Accounts Receivable	6,816	-
Decrease in Intergovernmental Receivable	639	-
Increase in Prepaid Items	(3,654)	-
Increase in Deferred Outflows of Resources-Pensions	(45,550)	-
Increase in Deferred Outflows of Resources-OPEB	(14,838)	-
Increase in Accounts Payable	2,737	-
Increase in Accrued Wages and Benefits	7,618	-
Decrease in Contracts Payable	(65,750)	-
Decrease in Retainage Payable	(5,717)	-
Decrease in Compensated Absences	(12,591)	-
Decrease in Intergovernmental Payable	(236)	-
Decrease in Net Pension Liability	(927,137)	-
Decrease in Net OPEB Liability	(110,560)	-
Increase in Deferred Inflows of Resources-Pensions	206,204	-
Increase in Deferred Inflows of Resources-OPEB	80,326	-
Increase in Claims Payable	-	74,406
Total Adjustments	(822,993)	74,406
Net Cash Used for Operating Activities	$ (606,028)	$ (437,689)

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

Eastland-Fairfield Career & Technical Schools

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

As of June 30, 2018

	Agency
Assets	
Equity in Pooled Cash	
and Investments	$88,626
Total Assets	$88,626
Liabilities	
Due to Students	$76,946
Interfund Payable	11,680
Total Liabilities	$88,626

The notes to the basic financial statements are an integral part of this statement.
See accountant's compilation report.

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Eastland-Fairfield Career & Technical Schools (the School District) is a career-technical school district organized under section 3311.18 of the Ohio Revised Code. The School District provides career-technical education for 16 (15 statute and one contracted) school districts serving a student population of 1,431 plus an additional 278 served by IT Foundation programs throughout 700 square miles of central Ohio, including Franklin, Fairfield, Pickaway, Licking, Hocking and Perry Counties. A nine-member Board of Education governs the School District, which is supported by a 1.20 mill continuing operating levy passed in 1971 and a 0.8 mill continuing operating levy passed in 1998, both for an assessed valuation of over $8.2 billion tax duplicate. In addition, the School District receives funds from the State of Ohio Career and Technical School Foundation Program. The School District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interest of students.

Reporting Entity

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District consists of nine appointed members as follows: five from the Educational Service Center of Central Ohio and the Fairfield County Educational Service Center, and one each from the Teays Valley Local School District, Whitehall City School District, Gahanna-Jefferson City School District, and Reynoldsburg City School District. The Educational Service Center of Central Ohio and Fairfield County Educational Service Center switch the 3-2 split of the five members in January of every fourth year. For fiscal year 2018, the split was 2 from the Educational Service Center of Central Ohio (ESCCO) and 3 from Fairfield County Educational Service Center. No school district appoints a voting majority of the Board. None of the school districts that appoint Board Members are financially accountable for the School District.

The reporting entity consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, adult continuing education 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. Currently, the School District does not have any component units.

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the City of Groveport and participating local and city school districts.

The School District is associated with the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan, which is defined as an insurance purchasing pool. This organization is presented in Note 16 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities plus deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

General Fund

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

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District has one enterprise fund and one internal service fund.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Adult Education Fund

This fund accounts for educational opportunities offered on a tuition basis to adults living within the community. The main source of revenue for the Adult Education Fund is tuition and fees.

Internal Service Fund

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The School District's fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's agency funds are used to account for student-managed activities and account for Pell and Stafford grant proceeds and disbursements to various students within the School District.

Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position presents the financial condition of governmental and business-type activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District. As a general rule the effect of interfund services provided and used are not eliminated in the process of consolidation with the exception of the Internal Service Fund activity which was eliminated in the Statement of Activities.

Fund Financial Statements

During the year, the School District segregated 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, all liabilities and all deferred inflows/outflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension and OPEB liabilities, and the recording of net pension and OPEB liabilities.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined, and “available” means 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 (60) days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions other postemployment benefits as of June 30, 2018. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note 9 and Note 10, respectively. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and interest which are not collected in the available period, pensions and OPEB. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes, and interest not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and other postemployment benefits are only reported on the Statement of Net Position. See Note 9 and Note 10, respectively.

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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due; and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

All funds, other than the 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 sets 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. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amount 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

During fiscal year 2018, investments were limited to a U.S. Treasury Money Market Fund, U.S. Government Instrumentalities and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2018. STAROhio 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 GASB Statement 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 a NAV per share that approximates fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $123,351, which includes $16,348 assigned from other School District funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

Capital Assets and Depreciation

General capital assets of the School District are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

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

Description	Governmental & Business-Type Assets Estimated Lives
Building and Improvements	25 years
Furniture and Equipment	10 years
Vehicles	10 years

Compensated Absences

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

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

Interfund/Internal Balances

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund Receivable/Payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All unpaid reimbursements between funds are reported as "due to/from other funds." Interfund receivables and payables within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Net Position; any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and special termination benefits 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 in the current year. Bonds, long-term loans, long-term notes, and capital leases are recognized as a liability on the government-wide financial statements when due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net position restricted for other purposes represents balances in special revenue funds which are restricted to use per grant agreements.

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

The government-wide Statement of Net Position reports $0 in restricted net position.

Fund Balance

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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. The School District does not have a formal minimum fund balance policy.

Interfund Transactions

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

Estimates

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the School District, these revenues are tuition for adult education classes, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues not meeting the above definition are classified as nonoperating.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/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.

3. ACCOUNTABILITY

The Food Service, Able, and Secondary CTPD Perkins Grant special revenue funds had deficit fund balances of $209,219, $2,643 and $8,030, respectively. The deficits in these funds are due to adjustments for accrued liabilities and the timing of grant awards. The General Fund provides transfers when cash is required, not when expenditures are incurred.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) 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 Basis) as opposed to when susceptible to accrual (GAAP Basis).
2. Expenditures are recorded when paid in cash (Budget Basis) as opposed to when the liability is incurred (GAAP Basis).
3. Encumbrances are treated as expenditures (Budget Basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

Net Change in Fund Balance	General
GAAP Basis	$3,230,029
Adjustments:	
Revenue Accruals	(458,751)
Expenditure Accruals	(199,054)
Encumbrances	(2,335,813)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(109,886)
Budget Basis	$126,525

5. DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

5. DEPOSITS AND INVESTMENTS (Continued)

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 monies may 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 bonds and other obligations of political subdivisions of the State of Ohio;

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 and commercial paper notes for a period not to exceed one hundred eighty 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At fiscal year end, the School District had $1,407 in un-deposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and investments."

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of 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 year end, $451,459 of the School District's bank balance of $7,702,866 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit 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 105 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 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The School District had the following investments at June 30, 2018:

Investment Type	Fair Value	< 1 Year	1-2 Years	3-5 Years
STAROhio	$ 2,565,488	$ 2,565,488	$ -	$ -
Huntington U.S. Treasury Money Market Fund	5,553,727	5,553,727	-	-
FHLB Notes	2,147,155	-	-	2,147,155
FHLMC Notes	4,184,985	1,998,080	-	2,186,905
FNMA Notes	5,456,353	988,830	2,470,063	1,997,460
	$ 19,907,708	$ 11,106,125	$ 2,470,063	$ 6,331,520

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2018. As discussed further in Note 2, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the School District's policy, the School District limits their investments to commercial paper, treasury notes, U.S. government instrumentalities, and STAROhio. The School District's investments in FHLB, FNMA and FHLMC notes were rated AA+ by Moody's Investor Services. Standard & Poor's has assigned STAROhio and Huntington US Treasury Money Market Fund an AAAm money market rating.

5. DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 10.8% in FHLB notes, 21.0% in FHLMC notes, 27.4% in FNMA notes, 27.9% in Huntington US Treasury Money Market Funds, and 12.9% in STAROhio.

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

All of the School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District.

The classification of cash and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the School District's cash management pool and investments with an original maturity date of three months or less.

6. PROPERTY TAXES

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

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

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

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

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$ 7,329,415,805	94.36%	$ 7,903,461,070	94.49%
Public Utility	438,034,280	5.64%	460,484,220	5.51%
Total Assessed Value	$ 7,767,450,085	100.00%	$ 8,363,945,290	100.00%
Tax rate per $1,000 of assessed valuation	$ 2.00		$ 2.00	

6. PROPERTY TAXES (continued)

The School District receives property taxes from Franklin, Fairfield, Licking, Hocking, Perry and Pickaway Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018 are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2018. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to a deferred inflow of resources for that portion not intended to finance current year operations.

At June 30, 2018, $4,804,997 was available as an advance to the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue is deferred and recorded as a deferred inflow of resources.

7. CAPITAL ASSETS

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

	Ending Balance 06/30/2017	Additions	Deletions	Ending Balance 06/30/2018
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 449,800	$ -	$ -	$ 449,800
Construction in Progress	-	35,883	-	35,883
Total Capital Assets, Not Being Depreciated	449,800	35,883	-	485,683
Capital Assets Being Depreciated				
Buildings and Improvements	44,428,615	708,159	-	45,136,774
Furniture and Equipment	5,024,688	316,103	(301,856)	5,038,935
Vehicles	500,909	-	(151,548)	349,361
Total Capital Assets, Being Depreciated	49,954,212	1,024,262	(453,404)	50,525,070
Less Accumulated Depreciation:				
Buildings and Improvements	(24,312,717)	(1,317,063)	-	(25,629,780)
Furniture and Equipment	(2,865,707)	(406,675)	152,887	(3,119,495)
Vehicles	(317,781)	(24,532)	140,496	(201,817)
Total Accumulated Depreciation	(27,496,205)	(1,748,270)	293,383	(28,951,092)
Total Capital Assets Being Depreciated, Net	22,458,007	(724,008)	(160,021)	21,573,978
Governmental Activities Capital Assets, Net	$ 22,907,807	$ (688,125)	$ (160,021)	$ 22,059,661

7. CAPITAL ASSETS (Continued)

Business-Type Activities	Ending Balance 06/30/17	Additions	Deletions	Ending Balance 06/30/18
Non-Depreciable Capital Assets				
Construction in Progress	$65,750	$0	($65,750)	$0
Total Non-Depreciable Capital Assets	65,750	0	(65,750)	0
Capital Assets, Being Depreciated				
Buildings and Improvements	1,250,694	932,772	0	2,183,466
Furniture and Equipment	86,201	23,970	(5,647)	104,524
Total Capital Assets, Being Depreciated	1,336,895	956,742	(5,647)	2,287,990
Less Accumulated Depreciation:				
Buildings and Improvements	(895,916)	(52,728)	0	(948,644)
Furniture and Equipment	(73,529)	(5,972)	5,647	(73,854)
Total Accumulated Depreciation	(969,445)	(58,700)	5,647	(1,022,498)
Total Capital Assets, Being Depreciated, Net	367,450	898,042	0	1,265,492
Business-Type Activities Capital Assets, Net	$433,200	$898,042	($65,750)	$1,265,492

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 140,275
Special	32,097
Career and Technical	1,031,272
Other	9,997
Support Services:	40,553
Pupil	19,158
Administration	112,477
Fiscal	577
Operation and Maintenance of Plant	283,858
Pupil Transportation	15,837
Central	46,965
Non-Instructional Services	15,204
Total Depreciation Expense	$ 1,748,270

8. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with Ohio School Plan for property, liability, and fleet insurance.

Coverage provided by the Ohio School Plan is as follows:

Building and Contents ($1,000 deductible)	$92,997,125
Automobile Liability ($1,000 deductible for Buses and $500 for All Other Autos)	5,000,000
General Liability (no deductible):	
Per occurrence	5,000,000
Aggregate	7,000,000
Violence	
Per occurrence	1,000,000
Aggregate	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

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

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

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The program is administered by Anthem, which provides claims review and processing services. The School District has purchased specific stop-loss benefits covering cost above the $75,000 individual retention mark to an unlimited lifetime reimbursement. The School District has $2 million aggregate stop-loss coverage.

The liability for unpaid claims costs of $619,591 reported in the internal service fund at June 30, 2018, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2017	521,378	1,763,236	1,739,429	545,185
2018	545,185	2,131,391	2,056,985	619,591

9. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year in included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - School Employees Retirement System (SERS) (continued)

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

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

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

The School District's contractually required contribution to SERS was $453,640 for fiscal year 2018. Of this amount $16,985 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of 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.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 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 Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll effective July 1, 2016. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was $1,348,597 for fiscal year 2018. Of this amount $207,788 is reported as an intergovernmental payable.

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

The net pension liability reported as of June 30, 2018 was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 projected contributions of all participating entities. Following is information related to the proportionate share as well as the pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.01034856%	0.08087325%	
Proportionate Share of the Net Pension Liability - Prior Year	0.01113124%	0.08162795%	
Change in Proportionate Share	-0.00078268%	-0.00075470%	
Proportion of the Net Pension Liability	$6,183,036	$19,211,614	$25,394,650
Pension Expense	($453,593)	($7,678,446)	($8,132,039)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$ 266,097	$ 741,862	$ 1,007,959
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	-	94,398	94,398
Changes of assumptions	319,729	4,201,791	4,521,520
School District contributions subsequent to the measurement date	453,640	1,348,597	1,802,237
Total	$ 1,039,466	$ 6,386,648	$ 7,426,114

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$ -	$ 154,838	$ 154,838
Differences between projected and actual investment earnings	29,349	634,005	663,354
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	531,087	858,315	1,389,402
Total	$ 560,436	$ 1,647,158	$ 2,207,594

$1,802,237 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$15,746	$613,998	$629,744
2020	157,974	1,511,650	1,669,624
2021	(4,190)	968,501	964,311
2022	(144,140)	296,744	152,604
Total	$25,390	$3,390,893	$3,416,283

9. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Inflation	3.00 percent
Investment Rate of Return	7.50 percent net of investments 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% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five-year period ended June 30, 2015.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – SERS (continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Estate	15.00	5.00
Multi-Asset Strategy	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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$8,580,447	$6,183,036	$4,174,715

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (continued)

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

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

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

Asset Class	Target Allocation	Long-Term Expected 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% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. 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 the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (continued)

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	$27,539,195	$19,211,614	$12,196,875

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2018, three of the members of the Board of Education had elected Social Security. The Board's liability is 6.2 percent of wages paid.

10. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was $28,283.

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 $45,078 for fiscal year 2018.

State Teachers Retirement System

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.

10. DEFINED BENEFIT OPEB PLANS (Continued)

State Teachers Retirement System (continued)

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

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.10570060%	0.08162795%	
Proportion of the Net OPEB Liability Current Measurement Date	0.09902810%	0.08087325%	
Change in Proportionate Share	-0.00667250%	-0.00075470%	
Proportionate Share of the Net OPEB Liability	$2,657,654	$3,155,376	$5,813,030
OPEB Expense	$69,905	($968,617)	($898,712)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$ -	$ 182,148	$ 182,148
School District contributions subsequent to the measurement date	45,078	-	45,078
Total	$ 45,078	$ 182,148	$ 227,226
Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between projected and actual investment earnings	$ 7,018	$ 134,868	$ 141,886
Changes of assumptions	252,198	254,176	506,374
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	139,608	34,596	174,204
Total	$ 398,824	$ 423,640	$ 822,464

10. DEFINED BENEFIT OPEB PLANS (Continued)

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (continued)

$45,078 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($143,714)	($51,488)	($195,202)
2020	(143,714)	(51,488)	(195,202)
2021	(109,644)	(51,488)	(161,132)
2022	(1,752)	(51,488)	(53,240)
2023	0	(17,771)	(17,771)
Thereafter	0	(17,769)	(17,769)
Total	($398,824)	($241,492)	($640,316)

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.

10. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (continued)

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

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

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

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

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (continued)

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

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

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	$3,209,456	$2,657,654	$2,220,486

10. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (continued)

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	$2,156,487	$2,657,654	$3,320,957

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (continued)

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

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

Asset Class	Target Allocation	Long-Term Expected 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 actual rate of return, without net value added by management.

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (continued)

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	$4,236,041	$3,155,376	$2,301,297

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$2,192,220	$3,155,376	$4,423,002

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees earn twelve to eighteen days of vacation per year, depending upon length of service. Teachers do not earn vacation time. 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 up to a maximum of 260 days for all personnel. Upon retirement, payment is made for 29 percent of their accrued, but unused sick leave credit to a maximum of 45 to 75 days depending on the employee's years of service.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. Medical and dental insurance is provided by the School District to all employees through a self-insurance program.

12. LONG-TERM DEBT AND OTHER OBLIGATIONS

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

Governmental Activities:	Principal Outstanding 6/30/2017*	Additions	Deductions	Principal Outstanding 6/30/2018	Due within One Year
2012 School Improvement and Construction Bonds - 2.95%	$1,750,000	$0	$350,000	$1,400,000	$350,000
Capital Lease	26,435	0	14,784	11,651	11,651
Net Pension Liability:					
STRS	25,028,175	0	7,278,565	17,749,610	0
SERS	7,731,542	0	1,870,024	5,861,518	0
Total Net Pension Liability	32,759,717	0	9,148,589	23,611,128	0
Net OPEB Liability:					
STRS	4,033,271	0	1,118,019	2,915,252	0
SERS	2,856,190	0	336,734	2,519,456	0
Total Net OPEB Liability	6,889,461	0	1,454,753	5,434,708	0
Compensated Absences	1,275,647	592,399	557,143	1,310,903	514,548
Total Governmental Activities	$42,701,260	$592,399	$11,525,269	$31,768,390	$876,199

Business-Type Activities:	Principal Outstanding 6/30/2017*	Additions	Deductions	Principal Outstanding 6/30/2018	Due within One Year
Net Pension Liability:					
STRS	$2,295,160	$0	$833,156	$1,462,004	$0
SERS	415,499	0	93,981	321,518	0
Total Net Pension Liability	2,710,659	0	927,137	1,783,522	0
Net OPEB Liability:					
STRS	$332,213	$0	$92,089	$240,124	$0
SERS	156,669	0	18,471	138,198	0
Total Net OPEB Liability	488,882	0	110,560	378,322	0
Compensated Absences	66,029	25,175	37,766	53,438	25,700
Total Business-Type Activities	$3,265,570	$25,175	$1,075,463	$2,215,282	$25,700

*Restated for the Net OPEB Liability.

12. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

On August 10, 2011, the School District issued $3,500,000 School Construction and Improvement Bonds at an average rate of 2.95 percent per annum with a maturity date of December 1, 2021. These payments are being made from the Debt Service Fund.

Compensated absences will be paid from the fund from which employees' salaries are paid with the significant funds being the General Fund and the Adult Education Fund.

The School District's overall legal debt margin was $751,355,076 with an un-voted debt margin of $8,363,945.

A summary of the School District's future long-term debt funding requirements as of June 30, 2018, follows:

	2012 School Improvement Construction Bonds		
	Principal	Interest	Total
2019	$ 350,000	$ 36,138	$ 386,138
2020	350,000	25,813	375,813
2021	350,000	15,488	365,488
2022	350,000	5,163	355,163
	$ 1,400,000	$ 82,602	$ 1,482,602

Capital Lease Obligation

In fiscal year 2014, the School District entered into a capital lease for copiers and printers. This lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital lease payments will be classified as debt service in the General Fund in the fund financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The capital assets acquired by the lease have been capitalized in the statement of net position for governmental activities in the amount of $69,077. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2018 totaled $14,784. The lease obligations are being repaid from the General Fund.

The School District's future minimum lease payments under capital lease obligations for Governmental Activities as of June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Payments
2019	11,929
Less: Interest	(278)
Present Value of Minimum Lease Payments	$11,651

13. INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2018, were as follows:

Fund	Transfer From	Transfer To
Major Governmental Fund		
General	$496,463	$-
Non-Major Funds		
Bond Retirement	-	396,463
Food Service	-	100,000
Total Non-Major Funds	-	496,463
Total	$496,463	$496,463

Transfers were made from the General Fund to move unrestricted balances to pay debt and to support programs and projects accounted for in other funds.

Interfund Balances

Interfund balances at June 30, 2018, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2018 fiscal year:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	$327,264	$-
Non Major Special Revenue Funds:		
Food Service	-	156,000
ABLE Grant	-	10,772
Secondary Perkins Grant	-	148,812
Total Non Major Special Revenue Funds	-	315,584
Fiduciary Fund:		
Agency Fund	-	11,680
Total All Funds	$327,264	$327,264

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds, the School District's food service operations and student operated activity funds. The General Fund will be reimbursed when funds become available in the non-major special revenue funds and fiduciary fund.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

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

	Capital Maintenance
Set-aside Cash Balance as of June 30, 2017	$0
Current year set-aside requirement	221,350
Qualifying disbursements	(221,350)
Set-aside Reserve Balance as of June 30, 2018	$0

The School District had qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserves. The excess amount in the Capital Maintenance Reserve may not be carried forward.

15. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any legal proceedings.

C. Foundation

The School District's foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2018, Joint Vocation School Districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As a result of the fiscal year 2018 reviews, the School District is due $5,530 from ODE. This amount has not been included in the financial statements.

16. INSURANCE PURCHASING POOL

The School District participates in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan (GRP), an insurance purchasing pool. 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

17. RECEIVABLES

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

Major Fund:	
General	$ 83,438
Non-Major Funds:	
Food Service	604
Able Instructional	12,117
Carl D. Perkins Secondary	148,812
Total Non-Major Funds	161,533
Total	$ 244,971

18. FUND BALANCES

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

Fund Balances	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaids	$181,228	$3,369	$184,597
Assigned to			
FY2019 Appropriations	11,889,132	0	11,889,132
Encumbrances	2,076,135	0	2,076,135
Total Assigned	13,965,267	0	13,965,267
Unassigned (Deficit)	13,968,080	(219,892)	13,748,188
Total Fund Balances	$28,114,575	($216,523)	$27,898,052

19. COMMITMENTS

A. Contractual

As of June 30, 2018, the School District's contractual purchase commitments from the General and Building Funds are as follows:

Vendor	Contract Amount	Amount Expended	Balance at 06/30/2018
SHP Leading Design	$112,574	$38,858	$73,716
Spires Paving Company	199,990	0	199,990
Schindler Elevator Corp.	185,000	35,883	149,117
Total	$497,564	$74,741	$422,823

B. Encumbrances

At June 30, 2018, the School District had significant encumbrance commitments in the following governmental funds:

Fund	Amount
Major Fund:	
General	$2,342,483
Total Encumbrances	$2,342,483

20. NEW ACCOUNTING PRINCIPLES / RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73,* and GASB Statement No. 85, *Omnibus 2017.*

GASB Statement No. 75 (GASB 75) establishes accounting and financial reporting requirements for governmental employers who have other post-employment benefits (OPEB) plans. The implementation of GASB Statement No. 75 had the following effect on the financial statements of the School District and certain additional disclosures have been made in the notes to the basic financial statements.

	Governmental Activities	Business-Type Activities
Net position, July 1, 2017-As previously stated	$ 17,589,032	$ 1,454,176
School District Share of Beginning Plan Net OPEB Liability	(6,889,461)	(488,882)
School District Share of 2017 Employer Contributions	24,918	1,367
Net position, July 1, 2017-As restated	$ 10,724,489	$ 966,661

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. GASB Statement No. 82 did not have an effect on the financial statements of the School District.

20. NEW ACCOUNTING PRINCIPLES / RESTATEMENT OF NET POSITION (Continued)

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 did not have an effect on the financial statements of the School District.

Eastland-Fairfield Career and Technology Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Five Years

	2018	2017	2016	2015	2014
Total plan pension liability	$ 19,588,417,687	$ 19,770,708,121	$ 18,503,280,961	$ 17,881,827,171	$ 17,247,161,078
Plan net position	13,613,638,590	12,451,630,823	12,797,184,030	12,820,884,107	11,300,482,029
Net pension liability	5,974,779,097	7,319,077,298	5,706,096,931	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.1034856%	0.1113124%	0.1147886%	0.1195010%	0.1195010%
School District's proportionate share of the net pension liability	$ 6,183,036	$ 8,147,041	$ 6,549,949	$ 6,047,878	$ 7,106,341
School District's covered-employee payroll	$ 3,469,593	$ 3,491,869	$ 3,286,089	$ 3,651,624	$ 3,545,708
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.21%	233.31%	199.32%	165.62%	200.42%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

Eastland-Fairfield Career and Technology Center

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

Last Five Years

	2018	2017	2016	2015	2014
Total plan pension liability	$ 96,126,440,462	$ 100,756,422,489	$ 99,014,653,744	$ 96,167,057,104	$ 94,366,693,720
Plan net position	72,371,226,119	67,283,408,184	71,377,578,736	71,843,596,331	65,392,746,348
Net pension liability	23,755,214,343	33,473,014,305	27,637,075,008	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.08087325%	0.08162795%	0.08540911%	0.08454982%	0.08454982%
School District's proportionate share of the net pension liability	$ 19,211,614	$ 27,323,335	$ 23,604,580	$ 20,565,442	$ 24,497,420
School District's covered-employee payroll	$ 8,891,021	$ 8,588,829	$ 8,911,007	$ 8,638,923	$ 9,478,638
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.08%	318.13%	264.89%	238.06%	258.45%
Plan fiduciary net position as a percentage of the total pension liability	75.29%	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available.

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

Eastland-Fairfield Career and Technology Center
Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 453,640	$ 485,743	$ 483,973	$ 455,452	$ 481,284	$ 490,726	$ 313,588	$ 327,388	$ 555,095	$ 314,654
Contributions in relation to the contractually required contribution	(453,640)	(485,743)	(483,973)	(455,452)	(481,284)	(490,726)	(313,588)	(327,388)	(555,095)	(314,654)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered-employee payroll	$ 3,360,296	$ 3,469,593	$ 3,491,869	$ 3,286,089	$ 3,651,624	$ 3,545,708	$ 2,331,509	$ 2,604,519	$ 4,099,668	$ 3,197,703
Contributions as a percentage of covered employee payroll	13.50%	14.00%	13.86%	13.86%	13.18%	13.84%	13.45%	12.57%	13.54%	9.84%

Eastland-Fairfield Career and Technology Center
Required Supplementary Information Schedule of
School District Pension Contributions State
Teachers Retirement System of Ohio
Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 1,348,597	$ 1,244,743	$ 1,202,436	$ 1,247,541	$ 1,123,060	$ 1,232,223	$ 1,282,195	$ 1,235,717	$ 1,306,870	$ 1,352,146
Contributions in relation to the contractually required contribution	(1,348,597)	(1,244,743)	(1,202,436)	(1,247,541)	(1,123,060)	(1,232,223)	(1,282,195)	(1,235,717)	(1,306,870)	(1,352,146)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District covered-employee payroll	$ 9,632,836	$ 8,891,021	$ 8,588,829	$ 8,911,007	$ 8,638,923	$ 9,478,638	$ 9,863,038	$ 9,505,515	$10,052,846	$ 10,401,123
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Eastland-Fairfield Career and Technology Center

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Two Years

	2018	2017
Total plan OPEB liability	$ 3,065,846,821	$ 3,220,574,434
Plan net position	382,109,560	370,204,515
Net OPEB liability	2,683,737,261	2,850,369,919
School District's proportion of the net OPEB liability	0.0990281%	0.1057006%
School District's proportionate share of the net OPEB liability	$ 2,657,654	$ 3,012,858
School District's covered-employee payroll	$ 3,469,593	$ 3,491,869
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	76.60%	86.28%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

Eastland-Fairfield Career and Technology Center

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Two Years

	2018	2017
Total plan OPEB liability	$ 7,377,410,000	$ 8,533,654,000
Plan net position	3,475,779,000	3,185,628,000
Net OPEB liability	3,901,631,000	5,348,026,000
School District's proportion of the net OPEB liability	0.08087325%	0.08162795%
School District's proportionate share of the net OPEB liability	$ 3,155,376	$ 4,365,484
School District's covered-employee payroll	$ 8,891,021	$ 8,588,829
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

Eastland-Fairfield Career and Technology Center

Required Supplementary Information

Schedule of School District OPEB Contributions

School Employees Retirement System of Ohio

Last Three Years

	2018	2017	2016
Contractually required contribution	$ 45,078	$ 26,285	$ -
Contributions in relation to the contractually required contribution	(45,078)	(26,285)	-
Contribution deficiency (excess)	$ -	$ -	$ -
School District's covered-employee payroll	$ 3,360,296	$ 3,469,593	$ 3,491,869
Contributions as a percentage of covered employee payroll	1.34%	0.76%	0.00%

(1) Information prior to 2016 is not available.

Eastland-Fairfield Career and Technology Center

Required Supplementary Information

Schedule of School District OPEB Contributions

State Teachers Retirement System of Ohio

Last Three Years

	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
School District covered-employee payroll	$ 9,514,600	$ 8,891,021	$ 8,588,829
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

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EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Adult Education - Basic Grants to States	84.002	N/A	$282,976
Career and Technical Education - Basic Grants to States	84.048	N/A	850,092
Total Passed Through Ohio Department of Education:			1,133,068
Direct Program			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	N/A	361,995
Federal Direct Student Loans	84.268	N/A	528,885
Total Student Financial Aid Cluster			890,880
Total U.S. Department of Education			**2,023,948**
Total Expenditures of Federal Awards			**$2,023,948**

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs are administered directly by the School District, and transactions relating to these programs are included in the School District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

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

Eastland-Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career & Technical Schools, Franklin County, (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 16, 2019, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ohio Auditor of State

Columbus, Ohio

January 16, 2019

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

Eastland-Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Eastland-Fairfield Career & Technical Schools' (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Eastland-Fairfield Career & Technical Schools' major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Eastland-Fairfield Career & Technical Schools complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Ohio Auditor of State

Columbus, Ohio

January 16, 2019

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

EASTLAND – FAIRFIELD CAREER AND TECHNICAL SCHOOLS

FRANKLIN 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 5, 2019