ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

TABLE OF CONTENTS

THIS PAGE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Ontario Local School District
Richland County
457 Shelby-Ontario Road
Mansfield, Ohio 44906

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

January 9, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

The management's discussion and analysis of Ontario Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- In total, net position decreased $551,625. Net position of governmental activities decreased $610,412 from 2018 balance of $26,065. Net position of business-type activities increased $58,787 or 28.87% from 2018 deficit balance of $203,513.

- General revenues accounted for $15,881,834 in revenue or 74.39% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $5,466,378 or 25.61% of total governmental activities revenues of $21,348,212.

- The District had $21,958,624 in expenses related to governmental activities; only $5,466,378 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of $15,881,834 were used to provide for these programs.

- The District's major governmental funds are the general fund and debt service fund. The general fund had $17,648,686 in revenues and $18,023,949 in expenditures. The fund balance of the general fund decreased from a balance of $4,749,284 to $4,374,557.

- The District's other major governmental fund is the debt service fund. The debt service fund had $1,540,655 in revenues and $1,525,659 in expenditures. The fund balance of the debt service fund increased from $2,634,993 to $2,649,989.

Using this Financial Report

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues* and *expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities and food service operations.

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

The District's statement of net position and statement of activities can be found on pages 17-19 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 20-25 of this report.

Proprietary Fund

There are two types of proprietary funds: enterprise funds and internal service funds. The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance. The proprietary fund financial statements can be found on pages 26-28 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 29 and 30. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplemental Information

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

THIS SPACE INTENTIONALLY LEFT BLANK

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at for 2019 and 2018.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	$ 20,075,364	$ 22,625,213	$ 22,361	$ 20,699	$ 20,097,725	$ 22,645,912
Net OPEB asset	1,110,478	-	-	-	1,110,478	-
Capital assets, net	19,883,272	22,490,480	4,237	5,132	19,887,509	22,495,612
Total assets	41,069,114	45,115,693	26,598	25,831	41,095,712	45,141,524
Deferred outflows of resources						
Unamortized deferred charges on debt refunding	78,973	96,854	-	-	78,973	96,854
Pension	5,051,283	6,015,255	4,751	32,384	5,056,034	6,047,639
OPEB	276,008	206,415	1,341	2,969	277,349	209,384
Total deferred outflows of resources	5,406,264	6,318,524	6,092	35,353	5,412,356	6,353,877
Liabilities						
Current liabilities	2,463,514	2,269,913	1,157	8,675	2,464,671	2,278,588
Long-term liabilities:						
Due within one year	1,884,542	1,772,969	-	-	1,884,542	1,772,969
Due in more than one year:						
Net pension liability	19,139,130	20,339,026	20,543	168,736	19,159,673	20,507,762
Net OPEB liability	1,937,300	4,590,061	10,091	76,801	1,947,391	4,666,862
Other amounts	9,267,818	10,857,961	-	-	9,267,818	10,857,961
Total liabilities	34,692,304	39,829,930	31,791	254,212	34,724,095	40,084,142
Deferred inflows of resources						
Property taxes levied for the next fiscal year	8,231,452	9,157,995	-	-	8,231,452	9,157,995
PILOTS levied for the next fiscal year	218,000	215,807	-	-	218,000	215,807
Pension	1,848,707	1,582,682	82,475	2,993	1,931,182	1,585,675
OPEB	2,069,262	621,738	63,150	7,492	2,132,412	629,230
Total deferred inflows of resources	12,367,421	11,578,222	145,625	10,485	12,513,046	11,588,707
Net Position						
Net investment in capital assets	10,058,524	13,239,135	4,237	5,132	10,062,761	13,244,267
Restricted	3,048,592	4,932,970	-	-	3,048,592	4,932,970
Unrestricted (deficit)	(13,691,463)	(18,146,040)	(148,963)	(208,645)	(13,840,426)	(18,354,685)
Total net position (deficit)	$ (584,347)	$ 26,065	$ (144,726)	$ (203,513)	$ (729,073)	$ (177,448)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

GASB 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 District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by $729,073. At year end, unrestricted net position was a deficit of $13,840,426.

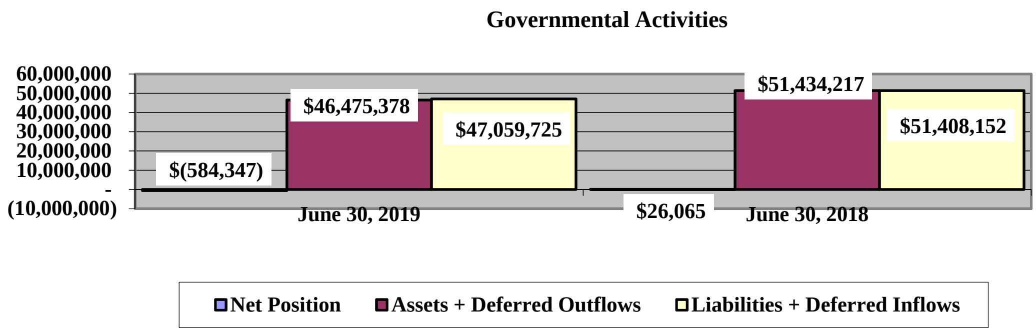
Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 13 for more detail.

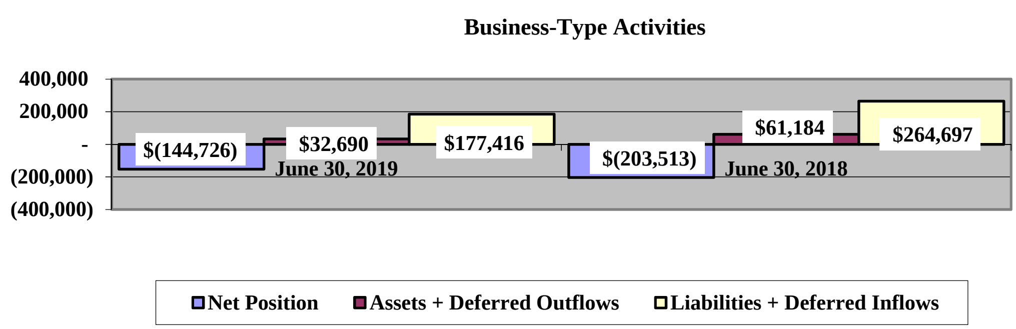
Total assets include a net OPEB asset reported by STRS. See Note 14 for more detail. STRS did not report a net OPEB asset in the prior year.

At year-end, capital assets represented 48.39% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2019 was $10,062,761. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. These liabilities are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District. A portion of the District's net position, $3,048,592 represents resources that are subject to external restriction on how they may be used.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2019 and June 30, 2018.





The table below shows the change in net position for fiscal years 2019 and 2018.

Change in Net Position

	Activities		Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services and sales	$ 3,756,447	$ 3,588,163	$ 25,155	$ 116,739	$ 3,781,602	$ 3,704,902
Operating grants and contributions	1,690,869	1,579,243	-	-	1,690,869	1,579,243
Capital grants and contributions	19,062	661,547	-	-	19,062	661,547
General revenues:						
Property taxes	10,027,652	10,582,618	-	-	10,027,652	10,582,618
Payments in lieu of taxes	218,266	256,442	-	-	218,266	256,442
Grants and entitlements not restricted	5,335,272	5,436,152	-	-	5,335,272	5,436,152
Investment earnings	253,722	55,403	-	-	253,722	55,403
Miscellaneous	46,922	16,384	-	-	46,922	16,384
Total revenues	21,348,212	22,175,952	25,155	116,739	21,373,367	22,292,691
Expenses						
Program expenses:						
Instruction:						
Regular	$ 8,477,198	$ 3,055,847	$ -	$ -	$ 8,477,198	$ 3,055,847
Special	1,846,906	1,311,130	-	-	1,846,906	1,311,130
Vocational	193,161	96,790	-	-	193,161	96,790
Other	1,022,779	981,644	-	-	1,022,779	981,644
Support services:						
Pupil	1,120,186	506,829	-	-	1,120,186	506,829
Instructional staff	1,227,683	620,896	-	-	1,227,683	620,896
Board of education	33,469	60,233	-	-	33,469	60,233
Administration	1,336,563	620,885	-	-	1,336,563	620,885
Fiscal	572,453	429,966	-	-	572,453	429,966
Operations and maintenance	2,445,431	1,378,448	-	-	2,445,431	1,378,448
Pupil transportation	1,349,786	518,988	-	-	1,349,786	518,988
Central	41,583	18,280	-	-	41,583	18,280
Operation of non-instructional services:						
Food service operations	932,114	571,017	-	-	932,114	571,017
Other non-instructional services	19,456	5,677	-	-	19,456	5,677
Extracurricular activities	1,093,065	539,524	-	-	1,093,065	539,524
Interest and fiscal charges	246,791	239,503	-	-	246,791	239,503
Preschool/Latchkey	-	-	(33,632)	99,560	(33,632)	99,560
Total expenses	21,958,624	10,955,657	(33,632)	99,560	21,924,992	11,055,217
Changes in net position	(610,412)	11,220,295	58,787	17,179	(551,625)	11,237,474
Net position at beginning of year	26,065	(11,194,230)	(203,513)	(220,692)	(177,448)	(11,414,922)
Net position at end of year	(584,347)	26,065	(144,726)	(203,513)	(729,073)	(177,448)

Governmental Activities

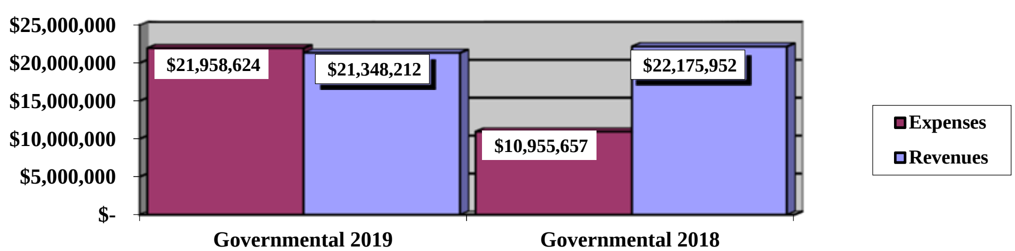
Net position of the District's governmental activities decreased $610,412 from the balance of $26,065. Total governmental expenses of $21,958,624 were offset by program revenues of $5,466,378, and general revenues of $15,881,834. Program revenues supported 24.89% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 71.96% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled $11,540,044 or 52.55% of total governmental expenses for fiscal year 2019.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2019 and 2018.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2019 and 2018. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

THIS SPACE INTENTIONALLY LEFT BLANK

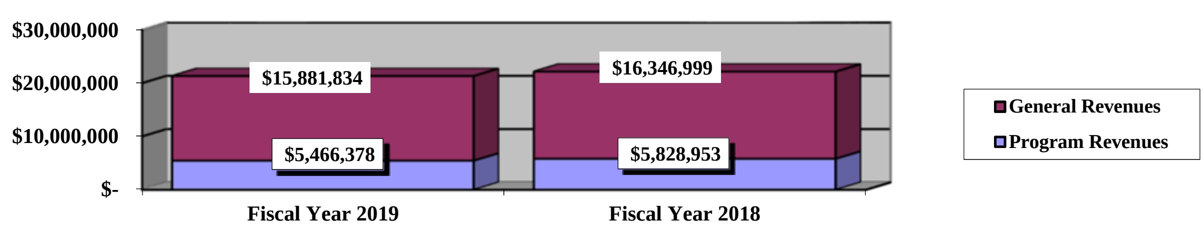
Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses:				
Instruction:				
Regular	$ 8,477,198	$ 5,526,700	$ 3,055,847	$ 301,501
Special	1,846,906	673,722	1,311,130	207,553
Vocational	193,161	163,439	96,790	68,000
Other	1,022,779	1,022,779	981,644	981,644
Support services:				
Pupil	1,120,186	1,059,143	506,829	453,051
Instructional staff	1,227,683	1,199,284	620,896	592,577
Board of education	33,469	33,469	60,233	60,233
Administration	1,336,563	1,336,563	620,885	620,885
Fiscal	572,453	572,453	429,966	429,966
Operations and maintenance	2,445,431	2,429,670	1,378,448	1,377,272
Pupil transportation	1,349,786	1,323,891	518,988	490,705
Central	41,583	41,583	18,280	18,280
Operation of non-instructional services:				
Food service operations	932,114	87,993	571,017	(250,364)
Other non-instructional services	19,456	17,283	5,677	4,482
Extracurricular activities	1,093,065	757,483	539,524	(468,584)
Interest and fiscal charges	246,791	246,791	239,503	239,503
Total expenses	$ 21,958,624	$ 16,492,246	$ 10,955,657	$ 5,126,704

The dependence upon tax revenues during fiscal year 2019 for governmental activities is apparent, as 64.01% of 2019 instruction activities are supported through taxes and other general revenues. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2019 and 2018.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include latchkey operations. This program had revenues of $25,155 and deficit expenses of $33,632 for fiscal year 2019. The District's business-type activities do not receive support from tax revenues. Activity decreased from the previous year due to preschool operations previously included as business-type activities now being accounted for in the general fund.

The District's Funds

The District's governmental funds reported a combined fund balance of $7,423,079, which is $2,291,066 less than last year's total of $9,714,145. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2018.

	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Increase (Decrease)
General	$ 4,374,557	$ 4,749,284	$ (374,727)
Debt Service	2,649,989	2,634,993	14,996
Other governmental	398,533	2,329,868	(1,931,335)
Total	$ 7,423,079	$ 9,714,145	$ (2,291,066)

General Fund

The District's general fund balance decreased $374,727 during fiscal year 2019. The table that follows assists in illustrating the revenues of the general fund.

	2019 Amount	2018 Amount	Percentage Change
Revenues			
Taxes	$ 8,660,620	$ 9,199,005	(5.85) %
Intergovernmental	5,478,271	5,499,836	(0.39) %
Other revenues	3,509,795	3,187,262	10.12 %
Total	$ 17,648,686	$ 17,886,103	(1.33) %

The table that follows assists in illustrating the expenditures of the general fund.

	2019 Amount	2018 Amount	Percentage Change
Expenditures			
Instruction	$ 10,613,367	$ 10,608,829	0.04 %
Support services	6,634,301	6,394,064	3.76 %
Extracurricular activities	405,456	402,885	0.64 %
Facilities acquisition and construction	96,620	52,809	82.96 %
Debt service	274,205	177,327	54.63 %
Total	$ 18,023,949	$ 17,635,914	2.20 %

Facilities acquisition and construction increased $43,811 or 82.96% due to the increase of capital related expenditures being financed out of the general fund in fiscal year 2019. Debt service expenditures increased due to expenses related to capital leases. All other expenditures and revenues remained consistent with the prior fiscal year.

Debt Service Fund

The District's other major governmental fund is the debt service fund. The debt service fund had $1,540,655 in revenues and $1,525,659 in expenditures. The fund balance of the debt service fund increased $14,996 from $2,634,993 to $2,649,989.

General Fund Budgeting Highlights

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

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

For the general fund, final budgeted revenues and other financing sources of $17,222,984 were $21,217 below actual revenues and other financing sources of $17,244,201. The original budgeted revenues and other financing sources of $17,490,481 were $267,497 higher than final budgeted revenues and other financing sources of $17,222,984.

General fund final appropriations were $18,093,524. The actual budget basis expenditures for fiscal year 2019 totaled $17,829,170, which was $264,354 less than the final budget appropriations. The final appropriations were $143,594 greater than the original appropriations of $17,949,930.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had $19,887,509 invested in land, land/improvements, buildings/improvements, furniture/equipment, and vehicles. $19,883,272 was reported in the governmental activities and $4,237 was reported in the business-type activities. The following table shows fiscal year 2019 balances compared to 2018:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 40,839	$ 40,839	$ -	$ -	$ 40,839	$ 40,839
Land/improvements	1,984,128	1,567,239	4,237	5,132	1,988,365	1,572,371
Building/improvements	15,954,543	19,220,027	-	-	15,954,543	19,220,027
Furniture/equipment	1,281,543	1,127,310	-	-	1,281,543	1,127,310
Vehicles	622,219	535,065	-	-	622,219	535,065
Total	$ 19,883,272	$ 22,490,480	$ 4,237	$ 5,132	$ 19,887,509	$ 22,495,612

See Note 8 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2019 the District had $9,597,400 in general obligation bonds, capital leases, lease purchase agreements, tax anticipation notes, and energy conservation notes outstanding. The general obligation bond issue is comprised of current issue bonds. Of this total debt outstanding, $1,806,920 is due within one year and $7,790,480 is due in more than one year. The following table summarizes the bonds, leases, and notes outstanding:

Outstanding Debt, at June 30

	Governmental Activities 2019	Governmental Activities 2018
Current interest bonds	$ 6,190,000	$ 7,485,000
Energy conservation lease purchase	1,935,000	1,995,000
Lease purchase agreement	180,000	-
Capital Leases	66,242	127,324
Tax anticipation note	97,000	194,000
Energy conservation notes	1,129,158	1,249,264
Total	$ 9,597,400	$ 11,050,588

The District issued the general obligation bonds in 1999 to provide funds for various District building projects. The annual interest rate ranges from 4.05% to 5.375% and the bonds are scheduled to mature in fiscal year 2024. The District refunded $10,000,000 of the current interest bonds during fiscal year 2006. The refunding bonds are comprised of both current interest bonds and capital appreciation bonds and are scheduled to mature in fiscal year 2024. The annual interest rate on the current interest refunding bonds ranges from 3.50% to 4.75%. The District refunded $4,020,000 of the current interest bonds during fiscal year 2007. The refunding bonds are comprised of both current interest bonds and capital appreciation bonds that matured in fiscal year 2016. The annual interest rate on the current interest refunding bonds ranges from 3.55% to 3.875%. The District refunded $8,695,000 of the current interest bonds during fiscal year 2016. The refunding bonds annual interest rate ranges from 2.00% to 3.00% and the refunding bonds are scheduled to mature in fiscal year 2024.

See Note 10 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

Open enrollment continues to be the key in stabilizing the District's current financial situation. A major factor concerning the District's future finances is the fact that the State's current funding formula calculates an underpayment to the District in an estimated amount of over $2.7 million annually. The State has suspended the current funding formula for the next biennium budget. We will be working with our legislative representatives to implement a fair funding formula that will be fully funded beginning in fiscal year 2022.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Randall K. Harvey, Treasurer, Ontario Local School District, 457 Shelby-Ontario Road, Ontario, Ohio 44906-1029.

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	$ 8,760,882	$ 22,293	$ 8,783,175
Cash with fiscal agent	36,601	-	36,601
Receivables:			
Property taxes	10,389,580	-	10,389,580
Payment in lieu of taxes	218,000	-	218,000
Accounts	1,879	-	1,879
Accrued interest.	12,456	-	12,456
Intergovernmental.	460,707	49	460,756
Prepayments	18,508	19	18,527
Materials and supplies inventory.	167,849	-	167,849
Inventory held for resale.	8,902	-	8,902
Net OPEB asset.	1,110,478	-	1,110,478
Capital assets:			
Nondepreciable capital assets	40,839	-	40,839
Depreciable capital assets, net.	19,842,433	4,237	19,846,670
Capital assets, net.	19,883,272	4,237	19,887,509
Total assets	41,069,114	26,598	41,095,712
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	78,973	-	78,973
Pension	5,051,283	4,751	5,056,034
OPEB	276,008	1,341	277,349
Total deferred outflows of resources	5,406,264	6,092	5,412,356
Liabilities:			
Accounts payable	11,846	-	11,846
Contracts payable	67,731	-	67,731
Accrued wages and benefits payable	1,883,717	-	1,883,717
Intergovernmental payable.	51,601	-	51,601
Pension and postemployment obligation payable. . .	273,495	1,157	274,652
Accrued interest payable.	16,167	-	16,167
Claims payable	158,957	-	158,957
Long-term liabilities:			
Due within one year	1,884,542	-	1,884,542
Due in more than one year:			
Net pension liability.	19,139,130	20,543	19,159,673
Other amounts due in more than one year . .	9,267,818	-	9,267,818
Net OPEB liability.	1,937,300	10,091	1,947,391
Total liabilities.	34,692,304	31,791	34,724,095
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	8,231,452	-	8,231,452
Payment in lieu of taxes levied for the next fiscal year	218,000	-	218,000
Pension	1,848,707	82,475	1,931,182
OPEB.	2,069,262	63,150	2,132,412
Total deferred inflows of resources.	12,367,421	145,625	12,513,046
Net position:			
Net investment in capital assets	10,058,524	4,237	10,062,761
Restricted for:			
Capital projects	62,941	-	62,941
Debt service	2,663,349	-	2,663,349
Federally funded programs.	1,382	-	1,382
Student activities.	67,195	-	67,195
Other purposes	253,725	-	253,725
Unrestricted (deficit)	(13,691,463)	(148,963)	(13,840,426)
Total net position (deficit)	$ (584,347)	$ (144,726)	$ (729,073)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Instruction:				
Regular	$ 8,477,198	$ 2,893,063	$ 57,435	$ -
Special	1,846,906	128,668	1,044,516	-
Vocational	193,161	-	29,722	-
Other	1,022,779	-	-	-
Support services:				
Pupil	1,120,186	57,946	3,097	-
Instructional staff	1,227,683	-	28,399	-
Board of education	33,469	-	-	-
Administration	1,336,563	-	-	-
Fiscal	572,453	-	-	-
Operations and maintenance	2,445,431	2,455	10,803	2,503
Pupil transportation	1,349,786	-	25,895	-
Central	41,583	-	-	-
Operation of non-instructional services:				
Other non-instructional services	19,456	-	2,173	-
Food service operations	932,114	376,223	467,898	-
Extracurricular activities	1,093,065	298,092	20,931	16,559
Interest and fiscal charges	246,791	-	-	-
Total governmental activities	21,958,624	3,756,447	1,690,869	19,062
Business-type activities:				
Latchkey	(33,632)	25,155	-	-
Total business-type activities	(33,632)	25,155	-	-
Totals	$ 21,924,992	$ 3,781,602	$ 1,690,869	$ 19,062

General revenues:
Property taxes levied for:
General purposes
Debt service
Capital outlay
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (5,526,700)	$ -	$ (5,526,700)
(673,722)	-	(673,722)
(163,439)	-	(163,439)
(1,022,779)	-	(1,022,779)
(1,059,143)	-	(1,059,143)
(1,199,284)	-	(1,199,284)
(33,469)	-	(33,469)
(1,336,563)	-	(1,336,563)
(572,453)	-	(572,453)
(2,429,670)	-	(2,429,670)
(1,323,891)	-	(1,323,891)
(41,583)	-	(41,583)
(17,283)	-	(17,283)
(87,993)	-	(87,993)
(757,483)	-	(757,483)
(246,791)	-	(246,791)
(16,492,246)	-	(16,492,246)
-	58,787	58,787
-	58,787	58,787
(16,492,246)	58,787	(16,433,459)
8,655,291	-	8,655,291
1,125,152	-	1,125,152
247,209	-	247,209
218,266	-	218,266
5,335,272	-	5,335,272
253,722	-	253,722
46,922	-	46,922
15,881,834	-	15,881,834
(610,412)	58,787	(551,625)
26,065	(203,513)	(177,448)
$ (584,347)	$ (144,726)	$ (729,073)

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	$ 4,469,779	$ 2,439,975	$ 455,573	$ 7,365,327
Cash with fiscal agent	-	-	36,601	36,601
Receivables:				
Property taxes	8,983,702	1,153,188	252,690	10,389,580
Payment in lieu of taxes	158,000	-	60,000	218,000
Accounts	1,634	-	245	1,879
Accrued interest	12,456	-	-	12,456
Intergovernmental	407,745	-	52,962	460,707
Prepayments	17,511	-	997	18,508
Materials and supplies inventory	163,640	-	4,209	167,849
Inventory held for resale	-	-	8,902	8,902
Total assets	$ 14,214,467	$ 3,593,163	$ 872,179	$ 18,679,809
Liabilities:				
Accounts payable	$ 11,846	$ -	$ -	$ 11,846
Contracts payable	-	-	67,731	67,731
Accrued wages and benefits payable	1,791,339	-	92,378	1,883,717
Compensated absences payable	33,346	-	19,444	52,790
Intergovernmental payable	50,136	-	1,465	51,601
Pension and postemployment obligation payable	251,260	-	22,235	273,495
Total liabilities	2,137,927	-	203,253	2,341,180
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	7,117,603	913,647	200,202	8,231,452
Payment in lieu of taxes levied for the next fiscal year	158,000	-	60,000	218,000
Delinquent property tax revenue not available	230,024	29,527	6,469	266,020
Intergovernmental revenue not available	193,004	-	3,722	196,726
Accrued interest not available	3,352	-	-	3,352
Total deferred inflows of resources	7,701,983	943,174	270,393	8,915,550
Fund balances:				
Nonspendable:				
Materials and supplies inventory	163,640	-	4,209	167,849
Prepaids	17,511	-	997	18,508
Restricted:				
Debt service	-	2,649,989	-	2,649,989
Capital improvements	-	-	56,472	56,472
Food service operations	-	-	266,412	266,412
Special education	-	-	3,108	3,108
Other purposes	-	-	235	235
Extracurricular	-	-	67,100	67,100
Assigned:				
Student and staff support	53,161	-	-	53,161
School supplies	2,919	-	-	2,919
Subsequent year's appropriations	1,002,529	-	-	1,002,529
Unassigned	3,134,797	-	-	3,134,797
Total fund balances	4,374,557	2,649,989	398,533	7,423,079
Total liabilities, deferred inflows and fund balances	$ 14,214,467	$ 3,593,163	$ 872,179	$ 18,679,809

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total governmental fund balances		$ 7,423,079
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,883,272
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 266,020	
Accrued interest receivable	3,352	
Intergovernmental receivable	196,726	
Total		466,098
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		1,236,598
Unamortized premiums on bonds issued are not recognized in the funds.		(238,590)
Unamortized amounts on refundings are not recognized in the funds.		78,973
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(16,167)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - pension	5,051,283	
Deferred inflows of resources - pension	(1,848,707)	
Net pension liability	(19,139,130)	
Total		(15,936,554)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - OPEB	276,008	
Deferred inflows of resources - OPEB	(2,069,262)	
Net OPEB asset	1,110,478	
Net OPEB liability	(1,937,300)	
Total		(2,620,076)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(6,190,000)	
General obligation tax anticipation note	(97,000)	
Lease purchase agreement	(2,115,000)	
Capital lease obligations	(66,242)	
Compensated absences	(1,263,580)	
Notes payable	(1,129,158)	
Total		(10,860,980)
Net position of governmental activities		$ (584,347)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 8,660,620	$ 1,123,948	$ 247,045	$ 10,031,613
Payment in lieu of taxes	158,266	-	60,000	218,266
Tuition	2,810,149	-	-	2,810,149
Earnings on investments	255,701	-	9,459	265,160
Charges for services	-	-	376,223	376,223
Extracurricular	26,249	-	298,092	324,341
Classroom materials and fees	201,879	-	-	201,879
Rental income	2,455	-	-	2,455
Contributions and donations	38,174	-	45,725	83,899
Other local revenues	16,922	-	-	16,922
Intergovernmental - intermediate	-	-	2,000	2,000
Intergovernmental - state	5,272,952	416,707	90,747	5,780,406
Intergovernmental - federal	205,319	-	1,032,591	1,237,910
Total revenues	17,648,686	1,540,655	2,161,882	21,351,223
Expenditures:				
Current:				
Instruction:				
Regular	7,863,467	-	105,885	7,969,352
Special	1,545,543	-	513,802	2,059,345
Vocational	180,179	-	-	180,179
Other	1,024,178	-	-	1,024,178
Support services:				
Pupil	1,188,524	-	3,109	1,191,633
Instructional staff	939,086	-	28,433	967,519
Board of education	35,357	-	-	35,357
Administration	1,475,634	-	-	1,475,634
Fiscal	558,414	23,803	5,026	587,243
Operations and maintenance	1,635,949	-	33,787	1,669,736
Pupil transportation	758,584	-	268,214	1,026,798
Central	42,753	-	-	42,753
Operation of non-instructional services:				
Other operation of non-instructional	-	-	2,165	2,165
Food service operations	-	-	807,059	807,059
Extracurricular activities	405,456	-	342,398	747,854
Facilities acquisition and construction	96,620	-	2,018,565	2,115,185
Debt service:				
Principal retirement	206,910	1,295,000	221,278	1,723,188
Interest and fiscal charges	67,295	206,856	10,374	284,525
Total expenditures	18,023,949	1,525,659	4,360,095	23,909,703
Excess (deficiency) of revenues over (under) expenditures	(375,263)	14,996	(2,198,213)	(2,558,480)
Other financing sources:				
Lease purchase agreement	-	-	270,000	270,000
Total other financing sources	-	-	270,000	270,000
Net change in fund balances	(375,263)	14,996	(1,928,213)	(2,288,480)
Fund balances at beginning of year	4,749,284	2,634,993	2,329,868	9,714,145
Decrease in reserve for inventory.	536	-	(3,122)	(2,586)
Fund balances at end of year	$ 4,374,557	$ 2,649,989	$ 398,533	$ 7,423,079

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds		$ (2,288,480)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 1,419,848	
Current year depreciation	(4,027,056)	
Total		(2,607,208)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(2,586)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(3,961)	
Earnings on investments	(1,979)	
Intergovernmental	43,457	
Total		37,517
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	1,295,000	
Notes	217,106	
Lease purchase agreements	150,000	
Capital leases	61,082	
Total		1,723,188
Lease obligations are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(270,000)

- (Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	1,595	
Amortization of bond premiums	54,020	
Amortization of deferred charges	(17,881)	
Total		37,734
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amount as deferred outflows.		1,477,113
Except for amounts reported as deferred inflows/ outflows, changes in the net pension liability are reported as pension expense in the statement of activities		(1,507,214)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amount as deferred outflows.		49,688
Except for amounts reported as deferred inflows/ outflows, changes in the net OPEB liability are reported as an OPEB expense in the statement of activities		2,335,620
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(15,609)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		419,825
Change in net position of governmental activities		$ (610,412)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 8,762,965	$ 8,573,230	$ 8,447,712	$ (125,518)
Tuition	2,893,400	2,742,900	2,813,637	70,737
Earnings on investments	150,000	175,000	183,480	8,480
Classroom materials and fees	153,000	153,000	151,708	(1,292)
Rental income	1,500	1,500	2,658	1,158
Contributions and donations	30,000	30,000	30,000	-
Other local revenues	159,182	159,182	161,586	2,404
Intergovernmental - state	5,254,434	5,295,172	5,324,883	29,711
Intergovernmental - federal	85,000	85,000	120,423	35,423
Total revenues	17,489,481	17,214,984	17,236,087	21,103
Expenditures:				
Current:				
Instruction:				
Regular	7,890,910	7,858,221	7,784,796	73,425
Special	1,595,127	1,584,406	1,532,098	52,308
Vocational	183,400	183,244	186,219	(2,975)
Other	994,418	994,418	1,023,542	(29,124)
Support services:				
Pupil	1,073,607	1,122,727	1,129,410	(6,683)
Instructional staff	926,193	951,643	935,916	15,727
Board of education	53,534	53,534	35,238	18,296
Administration	1,471,462	1,463,308	1,459,037	4,271
Fiscal	547,765	574,592	558,000	16,592
Operations and maintenance	1,673,508	1,773,974	1,631,375	142,599
Pupil transportation	791,044	764,761	760,773	3,988
Central	24,998	24,998	42,752	(17,754)
Extracurricular activities	404,408	409,142	405,514	3,628
Facilities acquisition and construction	169,234	184,234	194,092	(9,858)
Debt service:				
Principal retirement	118,187	118,187	118,187	-
Interest and fiscal charges	32,135	32,135	32,221	(86)
Total expenditures	17,949,930	18,093,524	17,829,170	264,354
Excess (deficiency) of revenues over (under) expenditures	(460,449)	(878,540)	(593,083)	285,457
Other financing sources:				
Sale of capital assets	1,000	8,000	8,114	114
Total other financing sources	1,000	8,000	8,114	114
Net change in fund balance	(459,449)	(870,540)	(584,969)	285,571
Fund balance at beginning of year	4,997,418	4,997,418	4,997,418	-
Prior year encumbrances appropriated	7,425	7,425	7,425	-
Fund balance at end of year	$ 4,545,394	$ 4,134,303	$ 4,419,874	$ 285,571

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and cash equivalents	$ 22,293	$ 1,395,555
Receivables:		
Intergovernmental	49	-
Prepayments	19	-
Total current assets	22,361	1,395,555
Noncurrent assets:		
Depreciable capital assets, net	4,237	-
Total assets	26,598	1,395,555
Deferred outflows of resources:		
Pension	4,751	-
OPEB	1,341	-
Total deferred outflows of resources	6,092	-
Liabilities:		
Current liabilities:		
Pension and postemployment obligation payable	1,157	-
Claims payable	-	158,957
Total current liabilities	1,157	158,957
Noncurrent liabilities:		
Net pension liability	20,543	-
Net OPEB liability	10,091	-
Total noncurrent liabilities	30,634	-
Total liabilities	31,791	158,957
Deferred inflows of resources:		
Pension	82,475	-
OPEB	63,150	-
Total deferred inflows of resources	145,625	-
Net position:		
Investment in capital assets	4,237	-
Unrestricted (deficit)	(148,963)	1,236,598
Total net position (deficit)	$ (144,726)	$ 1,236,598

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Latchkey fees.	$ 25,155	$ -
Charges for services	-	2,356,234
Total operating revenues	25,155	2,356,234
Operating expenses:		
Personal services.	(38,080)	-
Purchased services.	346	404,330
Materials and supplies	3,207	-
Claims	-	1,532,079
Depreciation	895	-
Total operating expenses.	(33,632)	1,936,409
Change in net position	58,787	419,825
Net position (deficit) at beginning of year.	(203,513)	816,773
Net position (deficit) at end of year	$ (144,726)	$ 1,236,598

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	$ 18,390	$ -
Cash received from charges for services	-	2,356,234
Cash payments for personal services	(13,159)	-
Cash payments for contractual services	(346)	(404,330)
Cash payments for materials and supplies	(3,207)	-
Cash payments for claims	-	(1,477,304)
Net cash provided by operating activities	1,678	474,600
Net increase in cash and cash equivalents	1,678	474,600
Cash and cash equivalents at beginning of year	20,615	920,955
Cash and cash equivalents at end of year	$ 22,293	$ 1,395,555
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 58,787	$ 419,825
Adjustments:		
Depreciation	895	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Decrease in net pension liability	(148,193)	-
Decrease in net OPEB liability	(66,710)	-
Decrease in deferred outflows- Pension	27,633	-
Decrease in deferred outflows- OPEB	1,628	-
Increase in deferred inflows- Pension	79,482	-
Increase in deferred inflows- OPEB	55,658	-
Decrease in accounts receivable	54	-
Increase in intergovernmental receivable	(49)	-
Decrease in prepayments	11	-
Decrease in pension and postemployment obligation payable	(753)	-
Decrease in unearned revenue	(6,765)	-
Increase in claims payable	-	54,775
Net cash provided by operating activities	$ 1,678	$ 474,600

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private Purpose Trust	
	Scholarship	**Agency**
Assets:		
Current assets:		
Equity in pooled cash		
and cash equivalents	$ -	$ 71,037
Cash in segregated accounts.	5,000	-
Total assets	5,000	$ 71,037
Liabilities:		
Intergovernmental payable	-	$ 16,616
Due to students.	-	54,421
Total liabilities	-	$ 71,037
Net position:		
Held in trust for scholarships	5,000	
Total net position.	$ 5,000	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	$ 339
Gifts and contributions.	5,000
Total additions.	5,339
Deductions:	
Non-instructional services.	18,986
Scholarships awarded	3,500
Total deductions	22,486
Change in net position.	(17,147)
Net position at beginning of year	22,147
Net position at end of year.	$ 5,000

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally-elected five-member Board of Education (Board) and provides educational services as authorized by state and/or federal agencies. The Board controls the District's four instructional/support facilities which are staffed by 62 classified, 116 certified teaching personnel and 12 administrators who provide services to 2,081 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATION

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")
The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2019, the District paid $156,367 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

INSURANCE PURCHASING POOLS

Workers' Compensation Group Rating Plan
The District participates in a group retrospective rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Workers' Compensation Group Rating Plan (GRP) was sponsored by the Lima/Allen County Chamber of Commerce as a group purchasing pool.

Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ohio School Benefits Cooperative
The District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 24 members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be District and/or educational service center administrators. The Muskingum Valley Education Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverages for their employees and the eligible dependents, and designated beneficiaries of such employees, and propose to have certain other eligible districts or groups of districts join them for the same purposes. OSBC offers two options to participants.

Participants may enroll in the join insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of Education Service Center superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC. The District elected to participate in the joint insurance purchasing program for medical coverage.

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

GROUP PURCHASING POOL

Metropolitan Educational Technology Association (META) Solutions
The District is a member of the META Solutions purchasing group. The following items are purchased through this group discount program: custodial products, food service products, audio visual bulbs, and certain paper products.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. Each category is separated into separate fund types.

GOVERNMENTAL FUNDS

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

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

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment.

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

PROPRIETARY FUNDS

The proprietary fund is used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration.

Enterprise fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's only nonmajor enterprise fund is the latchkey fund which accounts for parent paid fees to provide childcare services for 2 hours before and after school.

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities and current deferred inflows, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities 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 net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the latchkey enterprise fund are parent fees. Operating expenses for the enterprise fund include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report results of operations.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the 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 the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 13 and 14 for deferred outflows of resources related the District's net pension liability and OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated budget for all funds except agency funds. The specific timetable for fiscal year 2019 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

   The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2019.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

   Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2019. The amounts reported in the budgetary statement reflect the original and final appropriations, including all amendments.

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level, which is the legal level of control.

F. Cash and Investments

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

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

During fiscal year 2019, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio) and negotiable CDs. Investments are reported at fair value, which is based on quoted market prices, with the following exceptions: participating investment contracts such as certificates of deposit are reported at cost.

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

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal year 2019, interest revenue credited to the general fund amounted to $255,701, which included $109,660 assigned from other District funds.

For purposes of the statement of cash flows and for reporting on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

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

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

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. 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.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land/improvements	10 - 45 years	10 - 45 years
Buildings/improvements	10 - 50 years	N/A
Furniture/equipment	5 - 20 years	N/A
Vehicles	12 - 13 years	N/A

I. Unamortized Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as deferred inflow or outflow of resources.

On the governmental fund financial statements and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

J. Compensated Absences

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

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

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

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

For 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 "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the fund financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. 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 compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and notes are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Fund Balance

The District reports classifications of fund balance based on the purpose for which resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable - resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have purpose constraints placed upon them by laws, regulations, creditors, grantors, or other external parties are considered available only for the purpose for which they were received.

Committed - resources that are constrained for specific purposes that are internally imposed by the District at its highest level of decision making authority, the Board of Education. With an affirmative vote of its members, the Board of Education may create funds for which resources are committed to the established purpose of that fund.

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

Assigned - resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are parent fees for the latchkey program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

N. Net Position

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

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

O. Prepayments

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

P. Estimates

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

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

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2019, the District did not incur any transactions that would be classified as an extraordinary item or special item.

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value

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

NOTE 3 - ACCOUNTABILITY

Change in Accounting Principles

For fiscal year 2019, the District has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*" and GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY - (Continued)

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 added additional disclosure to the long-term obligations note disclosure.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

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

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

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

6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

A. Cash with Fiscal Agent

At fiscal year end, the District had $36,601 in a depository account related to the energy conservation lease purchase agreement. This depository account is held outside of the District's internal investment pool. The balance in this depository accounts is not included in the amount of "deposits" reported below.

B. Cash on Hand

At fiscal year-end, the District had $600 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

C. Deposits with Financial Institutions

At June 30, 2019, the carrying amount of all District deposits was $269,706. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2019, $168,112 of the District's bank balance of $446,372 was exposed to custodial risk as discussed below, while $278,260 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2019, the District's financial institutions participated in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Amortized cost:						
Star Ohio	$ 3,889,630	$ 3,889,630	$ -	$ -	$ -	$ -
Fair Value:						
Negotiable CDs	4,699,276	-	-	846,050	993,057	2,860,169
Total	$ 8,588,906	$ 3,889,630	$ -	$ 846,050	$ 993,057	$ 2,860,169

The weighted average maturity of investments is .73 years.

The District's investments in negotiable certificates of deposit are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating and the negotiable CDs are not rated.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2019:

Measurement/ Investment type	Measurement Amount	% of Total
Amortized cost:		
STAR Ohio	$ 3,889,630	45.29
Fair value:		
Negotiable CDs	4,699,276	54.71
Total	$ 8,588,906	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2019:

Cash and investments per note	
Carrying amount of deposits	$ 269,706
Investments	8,588,906
Cash with fiscal agent	36,601
Cash on hand	600
Total	$ 8,895,813

Cash and investments per statement of net position	
Governmental activities	$ 8,797,483
Business-type activities	22,293
Private-purpose trust fund	5,000
Agency funds	71,037
Total	$ 8,895,813

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Richland County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was $1,636,075 in the general fund, $210,014 in the debt service fund and $46,019 in the permanent improvement fund (a nonmajor governmental fund). The amount available for advance at June 30, 2018 was $1,423,167 in the general fund, $171,266 in the debt service fund and $38,130 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

NOTE 5 - PROPERTY TAXES - (Continued)

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

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

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

	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 274,327,630	96.36	$ 269,925,480	96.05
Public utility personal	10,354,770	3.64	11,108,160	3.95
Total	$ 284,682,400	100.00	$ 281,033,640	100.00
Tax rate per $1,000 of assessed valuation for:				
Operations	$45.50		$45.10	
Debt service	4.50		4.50	
Permanent improvement	1.00		1.50	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2019 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees) accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 10,389,580
Accounts	1,879
Intergovernmental	460,707
Accrued interest	12,456
Payments in lieu of taxes	218,000
Total	$ 11,082,622

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

NOTE 7 - PAYMENT IN LIEU OF TAXES

The City of Ontario has entered into an agreement with a property owner under which the City granted property tax abatements to the property owner and agreed to construct certain infrastructure improvements. The property owner has agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. The District received $158,266 and $60,000 in revenue for payments in lieu of taxes in the general fund and nonmajor governmental funds, respectively, during fiscal year 2019.

NOTE 8 - CAPITAL ASSETS

A. Governmental activities

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 40,839	$ -	$ -	$ 40,839
Total capital assets, not being depreciated	40,839	-	-	40,839
Capital assets, being depreciated:				
Land/improvements	2,890,061	1,047,022	-	3,937,083
Building/improvements	31,847,149	-	(520,952)	31,326,197
Furniture/equipment	3,513,721	233,326	-	3,747,047
Vehicles	1,714,701	139,500	-	1,854,201
Total capital assets, being depreciated	39,965,632	1,419,848	(520,952)	40,864,528
Less: accumulated depreciation				
Land/improvements	(1,322,822)	(630,133)	-	(1,952,955)
Building/improvements	(12,627,122)	(3,265,484)	520,952	(15,371,654)
Furniture/equipment	(2,386,411)	(79,093)	-	(2,465,504)
Vehicles	(1,179,636)	(52,346)	-	(1,231,982)
Total accumulated depreciation	(17,515,991)	(4,027,056)	520,952	(21,022,095)
Governmental activities capital assets, net	$ 22,490,480	$(2,607,208)	$ -	$ 19,883,272

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$2,010,689
Special	91,766
Vocational	46,101
Support services:	
Pupil	97,816
Instructional staff	372,193
Administration	71,427
Fiscal	22,336
Operations and maintenance	254,940
Pupil transportation	407,344
Operation of non-instructional services:	
Other non-instructional services	17,291
Food service operations	203,240
Extracurricular activities	431,913
Total depreciation expense	$4,027,056

B. Business-Type Activities

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Business-type activities:				
Capital assets, being depreciated:				
Land improvements	$ 11,300	$ -	$ -	$ 11,300
Less: accumulated depreciation	(6,168)	(895)	-	(7,063)
Business-type activities capital assets, net	$ 5,132	$ (895)	$ -	$ 4,237

NOTE 9 - CAPITAL LEASES

During prior years, the District entered into capitalized leases for copier and network equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general fund and permanent improvement fund. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of $315,007. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2019 totaled $26,804 by the general fund and $34,278 by the permanent improvement fund (a nonmajor governmental fund).

NOTE 9 - CAPITAL LEASES - (Continued)

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

Fiscal Year Ending June 30,	Amount
2020	$ 63,496
2021	3,850
Total minimum lease payments	67,346
Less: amount representing interest	(1,104)
Total	$ 66,242

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2019, the following activity occurred in governmental and business-type activities long-term obligations.

Governmental activities:	Balance Outstanding July 1, 2018	Additions	Reductions	Balance Outstanding June 30, 2019	Amount Due in One Year
General obligation bonds:					
Series 1999, Construction					
Current interest bonds	$ 360,000	$ -	$ (50,000)	$ 310,000	$ 55,000
Series 2015, Refunding					
Current interest bonds	7,125,000	-	(1,245,000)	5,880,000	1,270,000
Other long-term obligations:					
Capital Leases:					
Copier Leases	57,569	-	(26,804)	30,765	26,935
Network Equipment Lease	69,755	-	(34,278)	35,477	35,477
Direct Borrowings:					
Energy Conservation note - FY12	815,000	-	(80,000)	735,000	82,000
Energy Conservation note - FY14	434,264	-	(40,106)	394,158	40,508
Tax Anticipation Note	194,000	-	(97,000)	97,000	97,000
Energy Conservation					
Lease Purchase Agreement	1,995,000	-	(60,000)	1,935,000	110,000
Lease Purchase Agreement	-	270,000	(90,000)	180,000	90,000
Net OPEB liability	4,590,061	-	(2,652,761)	1,937,300	-
Net pension liability	20,339,026	-	(1,199,896)	19,139,130	-
Compensated absences	1,287,732	88,395	(59,757)	1,316,370	77,622
Total	$ 37,267,407	$ 358,395	$ (5,635,602)	31,990,200	$ 1,884,542
Add: unamortized premiums				238,590	
Total on statement of net position				$ 32,228,790	
Business-Type Activities					
Net pension liability	$ 168,736	$ -	$ (148,193)	$ 20,543	$ -
Net OPEB liability	76,801	-	(66,710)	10,091	-
Total Business Type Activities	$ 245,537	$ -	$ (214,903)	$ 30,634	$ -

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Net Pension Liability: The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: The District's net OPEB liability/asset is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

Capital Lease Agreements: See Note 9 for detail on the District's capital lease agreements.

Compensated absences: Compensated absences for the governmental activities are paid primarily from the general fund and the food service fund (a nonmajor governmental fund).

See Note 9 for detail on capital lease obligations.

B. *Series 1999 Construction Bonds* - During fiscal year 1999, the District issued $21,249,985 in general obligation bonds (Series 1999 Construction bonds) to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

During fiscal year 2007 and 2006, $4,020,000 and $10,000,000, respectively, of the current interest bonds were refunded. The capital appreciation bonds were not refunded.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023.

The following is a summary of the future debt service requirements to maturity for the Series 1999 Construction bonds:

Fiscal	Current Interest Bonds		
Year Ended	Principal	Interest	Total
2020	$ 55,000	$ 15,184	$ 70,184
2021	60,000	12,094	72,094
2022	60,000	8,869	68,869
2023	65,000	5,309	70,309
2024	70,000	1,881	71,881
Total	$ 310,000	$ 43,337	$ 353,337

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. *Series 2015 Refunding Bonds* **-** On September 3, 2015, the District issued $8,580,000 in general obligation bonds (Series 2015 Refunding Bonds) to refund $8,695,000 of the Series 2006 Refunding current interest bonds. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue was December 1, 2023.

The reacquisition price exceeded the net carrying amount of the old debt by $146,027. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the Series 2015 and Series 2006 Refunding bonds:

Fiscal	Series 2015 Current Interest Bonds		
Year Ended	Principal	Interest	Total
2020	$1,270,000	$ 157,350	$1,427,350
2021	1,310,000	118,650	1,428,650
2022	1,345,000	78,825	1,423,825
2023	1,390,000	37,800	1,427,800
2024	565,000	8,475	573,475
Total	$5,880,000	$ 401,100	$6,281,100

D. On December 15, 2011, the District issued $1,235,600 in energy conservation notes to upgrade the District facilities to reduce energy consumption. This is a direct borrowing through Capital One. Payments of principal and interest relating to these notes are recorded in the general fund.

The following is a description of the energy conservation notes payable at June 30, 2019

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Energy conservation notes	3.55%	12/15/11	12/01/26	$ 815,000	$ -	$ (80,000)	$ 735,000

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future annual debt service requirements to maturity for the energy conservation notes:

Fiscal	Energy Conservation Notes		
Year Ended	Principal	Interest	Total
2020	$ 82,000	$ 24,637	$ 106,637
2021	85,000	21,673	106,673
2022	87,000	18,620	105,620
2023	90,000	15,478	105,478
2024	94,000	12,212	106,212
2025 - 2027	297,000	15,922	312,922
Total	$ 735,000	$ 108,542	$ 843,542

E. On April 10, 2014, the District entered into a House Bill 264 energy conservation note for $590,747. This is a direct borrowing from the Department of Development, through the State of Ohio. Payments of principal and interest relating to these notes are recorded in the general fund.

The following is a description of the energy conservation notes payable at June 30, 2019:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Energy conservation notes	1.00%	4/10/14	12/1/28	$ 434,264	$ -	$ (40,106)	$ 394,158

The following is a summary of the future annual debt service requirements to maturity for the energy conservation notes:

Fiscal	Energy Conservation Notes		
Year Ended	Principal	Interest	Total
2020	$ 40,508	$ -	$ 40,508
2021	40,914	-	40,914
2022	41,324	-	41,324
2023	41,739	-	41,739
2024	42,157	-	42,157
2025 - 2029	187,516	-	187,516
Total	$ 394,158	$ -	$ 394,158

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

F. On May 17, 2018, the District entered into an energy conservation equipment lease-purchase agreement for $1,995,000. This is a direct borrowing through US Bancorp Government Leasing and Financing. Payments of principal and interest relating to this lease-purchase agreement are recorded in the general fund.

The following is a description of the equipment lease-purchase agreement payable at June 30, 2019:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Lease purchase	3.41%	5/17/18	12/1/32	$ 1,995,000	$ -	$ (60,000)	$ 1,935,000

The following is a summary of the future annual debt service requirements to maturity for the equipment lease-purchase agreement:

Fiscal Year Ended	Energy Conservation Lease Purchase Principal	Interest	Total
2020	$ 110,000	$ 66,060	$ 176,060
2021	115,000	62,306	177,306
2022	115,000	58,380	173,380
2023	120,000	54,454	174,454
2024	125,000	50,356	175,356
2025 - 2029	700,000	184,356	884,356
2030 - 2033	650,000	56,332	706,332
Total	$ 1,935,000	$ 532,244	$ 2,467,244

G. On September 6, 2018, the District entered into a direct borrowing lease-purchase agreement for $270,000. Payments of principal and interest relating to this lease-purchase agreement are recorded in the permanent improvement fund (a nonmajor governmental fund).

The following is a description of the equipment lease-purchase agreement payable at June 30, 2019:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Lease purchase	2.60%	9/6/2018	12/1/2020	$ -	$ 270,000	$ (90,000)	$ 180,000

The following is a summary of the future debt service requirements to maturity for the lease purchase agreement:

Fiscal Year Ended	Lease purchase agreement Principal	Interest	Total
2020	$ 90,000	$ 3,510	$ 93,510
2021	90,000	1,170	91,170
Total	$ 180,000	$ 4,680	$ 184,680

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

H. On June 1, 2015, the District issued $485,000 in tax anticipation notes in order to provided funds for school improvements. The tax anticipation note bear an interest rate of 2.50%. The notes mature on June 1, 2020. Payments are due semi-annually on December 1 and June 1 from the permanent improvement fund (a nonmajor governmental fund).

The following is a summary of the future debt service requirements to maturity for the tax anticipation notes:

Fiscal Year Ended	Tax Anticipation Notes Principal	Interest	Total
2020	$ 97,000	$ -	$ 97,000

I. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2019, are a voted debt margin of $21,753,017 (including available funds of $2,649,989) and an unvoted debt margin of $281,034.

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining the vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 5 to 25 days of vacation per year, depending upon the length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 20 days of vacation per year by contract. The vacation does not accrue. It is totally awarded at the beginning of the contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Central Office Administrators who are paid for up to 10 days of unused vacation at the end of their contract. The Superintendent is also allowed to carry over up to ten unused days of vacation from year to year. The teachers do not earn vacation.

Administrators, teachers and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to 450 days. Upon retirement, payment is made based upon 22.22% of the accrued sick leave days.

NOTE 12 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2019, the District contracted with The Ohio School Plan for property insurance coverage in the blanket amount of $88,875,016 with agreed amount, 100% coinsurance, replacement cost endorsement and a $2,500 deductible. Boiler and machinery coverage is also provided with blanket coverage in the amount of $88,875,016 with a $2,500 deductible.

Vehicles are covered by The Ohio School Plan and hold a $250 deductible for comprehensive and $500 for collision for autos and $1,000 for buses. Automobile liability has a $10,000,000 limit.

The Ohio School Plan also provides general liability coverage with a $10,000,000 each occurrence limit and $12,000,000 aggregate with no deductible.

The Ohio School Plan provides School Leaders Errors and Omissions liability coverage with a $10,000,000 injury limit and a $2,500 deductible.

The Ohio School Plan provides Employee Benefits Liability coverage on a claims made policy with a $10,000,000 claim limit and $12,000,000 aggregate limit with a $2,500 deductible.

The Ohio School Plan also provides Sexual Misconduct and Molestation coverage on a occurrence form with $10,000,000 limit and no deductible and provides employers' liability coverage in the amount of $10,000,000 limit with no deductible.

The Ohio School Plan provides violence and cyber policies with a $1,000,000 limit with no deductible for the Violence Policy and $100,000 deductible for the Cyber Policy.

Ironshore Specialty Insurance Company provides a Pollution Policy with a $1,000,000 limit and a $25,000 deductible.

The District does not have any underground storage tanks, therefore, underground storage tanks leak insurance is not required.

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from fiscal year 2018.

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer in the amount of $40,000. Also, an employee blanket dishonesty bond in the total amount of $100,000 is provided to cover all other employees of the District.

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Worker's Compensation Group Retrospective Rating Plan

For calendar year 2019, the District participated in the Worker's Compensation Group Retrospective Rating Plan sponsored by the Lima/Allen County Chamber of Commerce, a voluntary performance-based incentive program. The intent of the program is to reward participants that are able to keep their claims cost low. Districts continue to pay their individual premium directly to the Ohio Bureau of Workers' Compensation (BWC). Districts will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. For the 2016 program, the evaluation periods will be January 2017 and January 2018. Refunds or assessments will be calculated by the Ohio BWC, based on the pro-rata share of the districts individual premium compared to the overall program premium.

Participation in the Group Retrospective Rating Plan is limited to school districts that can meet the programs selection criteria. The firm of Sheakley provides administrative, cost control and actuarial services to the program.

D. Employee Group Life, Medical, Dental, and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through AUL Life Insurance Company in the amount of $50,000. Administrators and central office personnel coverage is in the amount of $125,000.

The District has elected to provide three options to the employees for health insurance coverage on a self-insured basis. Medical Mutual of Ohio located in Cleveland, Ohio administers all three plans through the Ohio School Benefits Cooperative.

The first option is a Preferred Provider Plan with a $750 single and $1,500 family deductible. Included in the plan is a prescription drug card with a $15 per prescription copay for generic drugs, a $30 per prescription copay for formulary drugs, and a $50 per prescription copay for brand drugs. The total monthly premium for the PPO plan is $879 for single coverage and $2,412 for family coverage. The District's portion of the monthly premium is $750 for single coverage and $2,024 for family coverage which is paid out of the same fund that pays the salary for the employee. Through negotiations, the District's amounts are capped at 80% of premium increases up to the current trend increase. Any increase above trend is the employees' responsibility. The employee monthly portion of the premium is $129 for single coverage and $388 for family coverage which is withheld from their biweekly payroll. Approximately 20% of the staff participate in this plan.

The second option is a Health Savings Account Plan with a $3,000 single and $6,000 family deductible. The total monthly premium for the HSA plan is $615 for single coverage and $1,699 for family coverage. The District contributes annually to the employee's HSA account in the amount of $552 for single coverage and $1,500 for family coverage. The District portion of the monthly premium is $545 for single coverage and $1,500 for family coverage which is paid out of the same fund that pays the salary for the employee. Through negotiations, the District's amounts are capped at 90% of premium increases up to the current trend increase. Any increase above trend is the employees' responsibility. The employee monthly portion of the premium is $70 for single coverage and $199 for family coverage which is withheld from their biweekly payroll. Approximately 80% of the staff participate in this plan.

NOTE 12 - RISK MANAGEMENT - (Continued)

The third option is a Minimum Value Plan with a $4,000 single and $8,000 family deductible. Included in the plan is a prescription drug card with a $10 copay for generic drugs, a $50 copay for formulary drugs, and a $100 copay for brand drugs. The total monthly premium for the MVP plan is $651for single coverage and $1,758 for family coverage. The District portion of the monthly premium is $521 for single coverage and $0 for family coverage which is paid out of the same fund that pays the salary for the employee. Through negotiations, the District's amounts are capped at 80% of premium increases up to the current trend increase. Any increase above the trend is the employees' responsibility. The employee monthly portion of the premium is $130 for single coverage and $1,757 for family coverage which is withheld from their biweekly payroll. Currently, no staff participate in this plan.

The District provides dental coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is $36 for single and $97 for family coverage. The District's portion of the monthly premium is $21 for single and $62 for family coverage. These amounts are also capped at 63.5% of premium increases up to the current trend increase with any increase above the trend being the employee's responsibility. The employee portion of the monthly premium is $15 for single and $35 for family coverage which is withheld from their biweekly payroll.

The District also provides vision coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is $7 for single coverage and $18 for family coverage. The District's portion of the monthly premium is $1 for single coverage and $4 for family coverage. These amounts are capped at 48% of premium increases. The employee portion of the monthly premium is $6 for single coverage and $14 for family coverage which is withheld from their biweekly payroll.

As of June 1, 2014, the District became self-insured through Medical Mutual of Ohio. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. For fiscal year 2019, a total expense of $404,330 was incurred in administrative costs. The liability for unpaid claims of $158,957 reported at June 30, 2019 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims.

Changes in the fund's claims liability amount was:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2019	$ 104,182	$ 1,532,079	$ (1,477,304)	$ 158,957
2018	182,170	1,256,403	(1,334,391)	104,182

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

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

The District's contractually required contribution to SERS was $322,560 for fiscal year 2019. Of this amount, $28,240 is reported as pension and postemployment obligation payable.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% 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.

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $1,156,224 for fiscal year 2019. Of this amount, $194,164 is reported as pension and postemployment obligation payable.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.07465070%	0.06755379%	
Proportion of the net pension liability current measurement date	0.06922430%	0.06910696%	
Change in proportionate share	-0.00542640%	0.00155317%	
Proportionate share of the net pension liability	$ 3,964,604	$ 15,195,069	$ 19,159,673
Pension expense	$ 223,521	$ 1,244,286	$ 1,467,807

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 217,435	$ 350,749	$ 568,184
Changes of assumptions	89,530	2,692,852	2,782,382
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	12,574	214,110	226,684
Contributions subsequent to the measurement date	322,560	1,156,224	1,478,784
Total deferred outflows of resources	$ 642,099	$ 4,413,935	$ 5,056,034

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 99,232	$ 99,232
Net difference between projected and actual earnings on pension plan investments	109,849	921,413	1,031,262
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	179,049	621,639	800,688
Total deferred inflows of resources	$ 288,898	$ 1,642,284	$ 1,931,182

$1,478,784 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 177,717	$ 1,087,846	$ 1,265,563
2021	16,719	665,461	682,180
2022	(130,106)	5,768	(124,338)
2023	(33,689)	(143,648)	(177,337)
Total	$ 30,641	$ 1,615,427	$ 1,646,068

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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. 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%). 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 5,584,444	$ 3,964,604	$ 2,606,477

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, 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, 2018 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:

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	$ 22,190,398	$ 15,195,069	$ 9,274,472

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset 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* or *net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *pension and postemployment obligation payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the District's surcharge obligation was $38,000.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $49,947 for fiscal year 2019. Of this amount, $39,046 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.07568410%	0.06755379%	
Proportion of the net OPEB liability/asset current measurement date	0.07019470%	0.06910696%	
Change in proportionate share	-0.00548940%	0.00155317%	
Proportionate share of the net OPEB liability	$ 1,947,391	$ -	$ 1,947,391
Proportionate share of the net OPEB asset	$ -	$ (1,110,478)	$ (1,110,478)
OPEB expense	$ 72,279	$ (2,417,064)	$ (2,344,785)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 31,788	$ 129,706	$ 161,494
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	10,515	55,393	65,908
Contributions subsequent to the measurement date	49,947	-	49,947
Total deferred outflows of resources	$ 92,250	$ 185,099	$ 277,349

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 64,700	$ 64,700
Net difference between projected and actual earnings on OPEB plan investments	2,920	126,862	129,782
Changes of assumptions	174,959	1,513,115	1,688,074
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	161,377	88,479	249,856
Total deferred inflows of resources	$ 339,256	$ 1,793,156	$ 2,132,412

$49,947 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ (95,059)	$ (290,443)	$ (385,502)
2021	(80,951)	(290,443)	(371,394)
2022	(36,262)	(290,441)	(326,703)
2023	(35,020)	(261,631)	(296,651)
2024	(35,220)	(251,524)	(286,744)
Thereafter	(14,441)	(223,575)	(238,016)
Total	$ (296,953)	$ (1,608,057)	$ (1,905,010)

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.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (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 Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate **-** The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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, 2026. 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, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	$ 2,363,005	$ 1,947,391	$ 1,618,302

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	$ 1,571,187	$ 1,947,391	$ 2,445,552

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018		July 1, 2017
Inflation	2.50%		2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation
Payroll increases	3.00%		3.00%
Cost-of-living adjustments (COLA)	0.00%		0.00%, effective July 1, 2017
Discounted rate of return	7.45%		N/A
Blended discount rate of return	N/A		4.13%
Health care cost trends			6 to 11% initial, 4.50% ultimate
	Initial	Ultimate	
Medical			
Pre-Medicare	6.00%	4.00%	
Medicare	5.00%	4.00%	
Prescription Drug			
Pre-Medicare	8.00%	4.00%	
Medicare	-5.23%	4.00%	

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% 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. For disabled retirees, 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.

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

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

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower 6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	$ 951,784	$ 1,110,478	$ 1,234,853

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,236,324	$ 1,110,478	$ 982,672

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

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

Net Change in Fund Balance

	General fund
Budget basis	$ (584,969)
Net adjustment for revenue accruals	322,218
Net adjustment for expenditure accruals	(109,177)
Net adjustment for other sources/uses	(8,114)
Net adjustment for fund reclassification	(1,330)
Adjustment for encumbrances	6,109
GAAP basis	$ (375,263)

NOTE 16 - CONTINGENCIES

A. Grants

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

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

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

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional 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 District, which can extend past the fiscal year-end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2019 Foundation funding and the District was overpaid $579, which will be paid through future Foundation deductions.

NOTE 17 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 769
Other governmental	5,000
Total	5,769

NOTE 18- STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into the capital improvement reserve. This reserve is calculated and presented on a cash basis. During the fiscal year ended June 30, 2019, the reserve activity was as follows:

	Capital Improvements
Set-aside reserve balance June 30, 2018	$ -
Current year set-aside requirement	362,453
Current year qualifying expenditures	(531,367)
Total	$ (168,914)
Balance carried forward to fiscal year 2020	$ -
Set-aside reserve balance June 30, 2019	$ -

Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

NOTE 19- SUBSEQUENT EVENT

On November 5, 2019, voters in the District approved a five year 6.9 mill Emergency Levy which will result in additional revenues of approximately $1,935,000.

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.06922430%	0.07465070%	0.07405560%	0.07567620%	0.07209200%	0.07209200%
District's proportionate share of the net pension liability	$ 3,964,604	$ 4,460,214	$ 5,420,187	$ 4,318,157	$ 3,648,535	$ 4,287,080
District's covered payroll	$ 2,426,644	$ 2,338,636	$ 2,359,250	$ 2,419,992	$ 2,116,003	$ 1,709,191
District's proportionate share of the net pension liability as a percentage of its covered payroll	163.38%	190.72%	229.74%	178.44%	172.43%	250.83%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.06910696%	0.06755379%	0.06986884%	0.07174464%	0.07186559%	0.07186559%
District's proportionate share of the net pension liability	$ 15,195,069	$ 16,047,548	$ 23,387,207	$ 19,828,120	$ 17,480,199	$ 20,822,298
District's covered payroll	$ 7,910,414	$ 7,430,950	$ 7,496,614	$ 7,567,136	$ 7,907,500	$ 7,481,785
District's proportionate share of the net pension liability as a percentage of its covered payroll	192.09%	215.96%	311.97%	262.03%	221.06%	278.31%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 322,560	$ 327,597	$ 327,409	$ 330,295
Contributions in relation to the contractually required contribution	(322,560)	(327,597)	(327,409)	(330,295)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,389,333	$ 2,426,644	$ 2,338,636	$ 2,359,250
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015		2014		2013		2012		2011		2010
$	318,955	$	293,278	$	236,552	$	222,787	$	219,679	$	253,122
	(318,955)		(293,278)		(236,552)		(222,787)		(219,679)		(253,122)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,419,992	$	2,116,003	$	1,709,191	$	1,656,409	$	1,747,645	$	1,869,439
	13.18%		13.86%		13.84%		13.45%		12.57%		13.54%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 1,156,224	$ 1,107,458	$ 1,040,333	$ 1,049,526
Contributions in relation to the contractually required contribution	(1,156,224)	(1,107,458)	(1,040,333)	(1,049,526)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,258,743	$ 7,910,414	$ 7,430,950	$ 7,496,614
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 1,059,399	$ 1,027,975	$ 972,632	$ 906,653	$ 901,537	$ 888,461
(1,059,399)	(1,027,975)	(972,632)	(906,653)	(901,537)	(888,461)
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,567,136	$ 7,907,500	$ 7,481,785	$ 6,974,254	$ 6,934,900	$ 6,834,315
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2019	**2018**	**2017**
District's proportion of the net OPEB liability	0.07019470%	0.07568410%	0.07440111%
District's proportionate share of the net OPEB liability	$ 1,947,391	$ 2,031,162	$ 2,120,707
District's covered payroll	$ 2,426,644	$ 2,338,636	$ 2,359,250
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	80.25%	86.85%	89.89%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2019	2018	2017
District's proportion of the net OPEB liability/asset	0.06910696%	0.06755379%	0.06986884%
District's proportionate share of the net OPEB liability/(asset)	$ (1,110,478)	$ 2,635,700	$ 3,736,604
District's covered payroll	$ 7,910,414	$ 7,430,950	$ 7,496,614
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.04%	35.47%	49.84%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 49,947	$ 40,718	$ 35,100	$ 34,875
Contributions in relation to the contractually required contribution	(49,947)	(40,718)	(35,100)	(34,875)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,389,333	$ 2,426,644	$ 2,338,636	$ 2,359,250
Contributions as a percentage of covered payroll	0.00%	0.50%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 52,326	$ 34,496	$ 29,360	$ 40,473	$ 56,688	$ 36,725
(52,326)	(34,496)	(29,360)	(40,473)	(56,688)	(36,725)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,419,992	$ 2,116,003	$ 1,709,191	$ 1,656,409	$ 1,747,645	$ 1,869,439
0.82%	0.14%	0.16%	0.55%	1.43%	0.46%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	**2018**	**2017**	**2016**
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,258,743	$ 7,910,414	$ 7,430,950	$ 7,496,614
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013		2012		2011		2010	
$	-	$	76,133	$	74,818	$	69,743	$	69,349	$	68,343
	-		(76,133)		(74,818)		(69,743)		(69,349)		(68,343)
$	-	$	-	$	-	$	-	$	-	$	-
$	7,567,136	$	7,907,500	$	7,481,785	$	6,974,254	$	6,934,900	$	6,834,315
	0.00%		1.00%		1.00%		1.00%		1.00%		1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

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 years 2018-2019.

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. There were no changes in benefit terms from amounts previously reported for fiscal year 2019.

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. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

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 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rate for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously 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. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in trend rates from 6.00%-11.00 initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

THIS PAGE INTENTIONALLY LEFT BLANK

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

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

FEDERAL GRANTOR *Passed Through Grantor* Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed through the Ohio Department of Education		
Child Nutrition Cluster:		
Cash Assistance		
School Breakfast Program	10.553	$ 101,017
National School Lunch Program	10.555	303,930
Special Milk Program for Children	10.556	1,732
		406,679
Non-Cash Assistance		
National School Lunch Program	10.555	48,047
Total Child Nutrition Cluster		454,726
Total U.S. Department of Agriculture		**454,726**
U.S. DEPARTMENT OF EDUCATION		
Passed through the Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010	155,484
Special Education Cluster:		
Special Education - Grants to States	84.027	357,663
Special Education - Preschool Grants	84.173	8,979
Total Special Education Cluster		366,642
Student Support and Academic Enrichment Program	84.367	15,442
Improving Teacher Quality State Grants	84.424	40,357
Total U.S. Department of Education		**577,925**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 1,032,651**

The Notes to the Schedule of Expenditures of Federal Awards 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, 2019

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2019 to 2020 programs:

Program Title	CFDA Number		Amt. Transferred
Special Education - Grants to States	84.027		$90,315.20
Special Education - Preschool Grants	84.173		$5,857.31

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

Ontario Local School District
Richland County
457 Shelby-Ontario Road
Mansfield, Ohio 44906

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 Ontario Local School District, Richland County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 9, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

January 9, 2020

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

Ontario Local School District
Richland County
457 Shelby-Ontario Road
Mansfield, Ohio 44906

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Ontario Local School District, Richland County, Ohio (the District's), 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 District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on 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 District's internal control over compliance.

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

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

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

Keith Faber
Auditor of State

Columbus, Ohio

January 9, 2020

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition 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

OHIO AUDITOR OF STATE
KEITH FABER

ONTARIO LOCAL SCHOOL DISTRICT

RICHLAND 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 4, 2020