$\begin{array}{c} \textbf{BASIC FINANCIAL STATEMENTS} \\ \textbf{(AUDITED)} \end{array}$

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



88 East Broad Street Columbus, Ohio 43215 IPAReport@ohioauditor.gov (800) 282-0370

Board of Education Westfall Local School District 19463 Pherson Pike Williamsport, Ohio 43164

We have reviewed the *Independent Auditor's Report* of the Westfall Local School District, Pickaway County, prepared by Julian & Grube, Inc., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Westfall Local School District is responsible for compliance with these laws and regulations

Keith Faber Auditor of State Columbus, Ohio

February 18, 2020



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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Westfall Local School District Pickaway County 19463 Pherson Pike Williamsport, Ohio 43164

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westfall Local School District, Pickaway County, Ohio, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Westfall Local School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Westfall Local School District Pickaway County Independent Auditor's Report Page 2

Emphasis of Matters

As discussed in Note 22 to the financial statements, prior period restatements were required to record capital assets that were expensed in prior years and were uncovered during a physical inventory count performed by the valuation company and to reclassify amounts reported as transfers in the prior fiscal year as interfund receivables and payables. We did not modify our opinion regarding these matters.

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 postemployment benefit liabilities/asset and pension and other postemployment 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 Westfall Local School District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2020, on our consideration of the Westfall Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Westfall Local School District's internal control over financial reporting and compliance.

Julian & Grube, Inc. January 17, 2020

Julian & Sube, Elne.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$14.4 million. This balance was comprised of a \$8.5 million net investment in capital assets, a \$3.5 million balance in net position restricted for specific purposes and a positive balance of \$2.4 million in unrestricted net position.
- In total, net position of governmental activities increased by \$4.2 million which represents a 41.4 percent increase from 2018.
- General revenues accounted for \$19.5 million or 88.6 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2.5 million or 11.4 percent of total revenues.
- The School District had \$17.8 million in expenses related governmental activities; \$2.5 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$19.5 million were adequate to provide for the remainder of these programs.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the Westfall Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

Reporting the School District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all assets and deferred outflows of resources and all liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the School District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the School District's goal is to provide services to our students, not to generate profits as commercial entities do.

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

In both of the government-wide financial statements, the School District's activities are shown as governmental activities. All of the School District's programs and services are reported here, including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's three major governmental funds are the General Fund, Bond Retirement Fund, and Permanent Improvement Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into one of three categories: governmental, proprietary and fiduciary funds. The School District has no proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

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

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

Fiduciary Funds. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are not included in the government-wide statements.

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Recall that the Statement of Net Position provides the perspective of the School District as a whole, showing all assets and deferred outflows of resources and all liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the School District's net position for 2019 compared to fiscal year 2018.

Table 1 Net Position

	Governmental Activities			
	2019	Restated 2018		
Assets Current and Other Assets Capital Assets, Net	\$ 32,081,783 10,870,115	\$ 29,986,824 11,625,890		
Total Assets	42,951,898	41,612,714		
Deferred Outflows of Resources				
Pension	4,605,719	5,299,967		
OPEB	293,305	187,582		
Total Deferred Outflows of Resources	4,899,024	5,487,549		
Liabilities				
Current and Other Liabilities Long-Term Liabilities:	1,802,212	1,868,436		
Due Within One Year Due in More Than One Year:	575,053	539,192		
Net Pension Liability	16,771,040	17,424,261		
Net OPEB Liability	1,919,984	4,035,848		
Other Amounts Due in More Than One Year	2,444,588	2,952,785		
Total Liabilities	23,512,877	26,820,522		
Deferred Inflows of Resources				
Property Taxes	7,044,669	8,610,308		
Pension	1,157,413	857,723		
OPEB	1,644,814	482,110		
Deferred Amount on Refunding	136,430	175,411		
Total Deferred Inflows of Resources	9,983,326	10,125,552		
Net Position				
Net Investment in Capital Assets	8,478,093	8,700,692		
Restricted	3,482,922	3,202,628		
Unrestricted	2,393,704	(1,749,131)		
Total Net Position	\$ 14,354,719	\$ 10,154,189		

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources related to pensions/OPEB all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments.

Capital assets, net and net investment in capital assets both decreased comparison with the prior fiscal year. These fluctuations are primarily the result of current year depreciation.

The School District's largest portion of net position is related to amounts invested in capital assets, net of related debt. The School District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities. A portion of the School District's net position is restricted. This portion of net position is subject to external restrictions on how it may be used.

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

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

Table 2 Change in Net Position

	Governmental Activities			
	2019	Restated 2018		
Revenues				
Program Revenues				
Charges for Services and Sales	\$ 1,382,538	\$ 1,190,114		
Operating Grants and Contributions	1,131,084	1,176,347		
Total Program Revenues	2,513,622	2,366,461		
General Revenues				
Property Taxes	10,091,958	8,474,303		
Grants and Entitlements Not Restricted	8,488,405	8,510,668		
Payment in Lieu of Taxes	5,592	4,842		
Investment Earnings	563,971	107,158		
Miscellaneous	300,400	341,823		
Total General Revenues	19,450,326	17,438,794		
Total Revenues	21,963,948	19,805,255		
Program Expense				
Instuction	9,835,897	5,325,462		
Support Services	6,843,301	4,960,614		
Operation of Non-Instructional Services	610,781	554,394		
Extracurricular Activities	448,432	329,093		
Interest and Fiscal Charges	25,007	28,919		
Total Expenses	17,763,418	11,198,482		
1				
Change in Net Position	4,200,530	8,606,773		
Net Position, Beginning of Year, Restated	10,154,189	1,547,416		
Net Position, End of Year	\$ 14,354,719	\$ 10,154,189		

Total Expenses increased in comparison with the prior fiscal year. This increase is primarily the result of a increase in pension/OPEB expense from negative \$5.9 million in fiscal year 2018 to negative \$340,670 in fiscal year 2019. This increase is primarily the result of changes in benefit terms, changes in actuarial assumptions, and a decrease in returns on pension plan investments, while still greater than expected.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

GOVERNMENTAL ACTIVITIES

The School District is heavily dependent on property taxes and intergovernmental revenue. Property taxes made up 45.9 percent and unrestricted intergovernmental revenue made up 38.6 percent of the total revenue for the governmental activities in fiscal year 2019.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the School District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the School District would still receive \$35.00 annually. Therefore, the School District must regularly return to the voters to maintain a constant level of service.

The School District's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. Property Tax growth has been negatively impacted by H.B. 66 which eliminated the Tangible Personal Property Tax. While the School District was fully reimbursed by the state through fiscal year 2010, the reimbursement was phased out in fiscal year 2012. During fiscal year 2019, the School District received \$7.5 million through the State's foundation program, which represents 34.4 percent of the total revenue for the governmental activities. The School District relies heavily on this state funding to operate at the current levels of service.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

					Restated		Restated
	-	Total Cost		Net Cost	Total Cost		Net Cost
		of Services		of Services	 of Services		of Services
	2019				20	18	
Program Disbursements				_			
Instruction	\$	9,835,897	\$	8,387,427	\$ 5,325,462	\$	3,881,639
Support Services		6,843,301		6,806,179	4,960,614		4,931,175
Non-Instructional Services		610,781		(86,338)	554,394		(41,168)
Extracurricular Activities		448,432		117,521	329,093		31,456
Interest and Fiscal Charges		25,007		25,007	 28,919		28,919
Total	\$	17,763,418	\$	15,249,796	\$ 11,198,482	\$	8,832,021
	_						

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies and procedures). All governmental funds had total revenues and other financing sources of \$22.0 million, exceeding expenditures and other financing uses of \$19.2 million. Total governmental funds fund balance increased by \$2.9 million.

The fund balance in the General Fund increased \$2.5 million during the fiscal year.

The fund balance in the Bond Retirement Fund decreased \$68,793 during the fiscal year. This decrease represents the amount in which current year principal and interest payments exceeded property tax and related intergovernmental receipts.

The fund balance in the Permanent Improvement Fund increased \$241,304 during the fiscal year. This increase represents the amount in which permanent improvement property tax and related intergovernmental receipts exceeded expenditures.

General Fund Budgeting Highlights

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

During fiscal year 2019, the School District amended its General Fund budget. The School District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors flexibility for site management.

The School District prepares and monitors a detailed cash flow plan for the General Fund. Actual cash flow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, final revenue budget was \$17.9 million, which was \$1.4 million more than the original revenue budget. This increase was primarily due to property tax revenue and intergovernmental revenues.

For the General Fund, the final expenditure budget was \$16.6 million which was \$445,576 less than the original expenditure budget. This decrease is due to the School District being conservative at the beginning of the year for unknown costs. The General Fund unobligated balance as of June 30, 2019 was \$17.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year-end, the School District had \$10.9 million invested in capital assets, a decrease of \$755,775 in comparison with the prior fiscal year. This decrease represents the amount in which current year depreciation (\$939,804) and disposals (\$79,216) exceeded capital outlays (\$263,245). More detailed information regarding the School District's capital assets can be found in Note 7 to the basic financial statements.

Debt Administration

At June 30, 2019, the School District had \$1.9 million in general obligation debt outstanding, a decrease of \$442,060 in comparison with the prior fiscal year. This decrease represents the amount of current year debt service (\$415,000) and amortization of bond premiums (\$27,060). More detailed information regarding the School District's long-term obligations can be found in Note 9 to the basic financial statements.

CURRENT ISSUES

As indicated in the preceding financial information, the School District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the School District to provide a quality education for our students.

As always, the administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brian Ramsay, Treasurer, Westfall Local School Board of Education, 19463 Pherson Pike, Williamsport, Ohio 43164.

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STATEMENT OF NET POSITION JUNE 30, 2019

		ernmental ctivities
Assets Pacified Cook and Cook Equivalents	\$ 2	22 140 206
Pooled Cash and Cash Equivalents Receivables:	Φ ₄	22,148,286
Property Taxes		8,462,935
Intergovernmental		201,174
Accounts		176,039
Interest		25,133
Prepaid Items		129,458
OPEB Asset		938,758
Nondepreciable Capital Assets		105,604
Depreciable Capital Assets, Net		10,764,511
Total Assets		12,951,898
10001110000		.2,>01,0>0
Deferred Outflows of Resources		
Pension		4,605,719
OPEB		293,305
Total Deferred Outflows of Resources		4,899,024
		1,000,000
Liabilities		
Accounts Payable		324,574
Accrued Wages and Benefits Payable		1,259,811
Intergovernmental Payable		213,327
Accrued Interest Payable		4,500
Long-Term Liabilities		
Due Within One Year		575,053
Due in More Than One Year:		
Net Pension Liability	1	16,771,040
Net OPEB Liability		1,919,984
Other Amounts Due in More Than One Year		2,444,588
Total Liabilities		23,512,877
D. f J. J. fl f. D		
Deferred Inflows of Resources		7.044.660
Property Taxes Pension		7,044,669 1,157,413
OPEB		1,137,413
Deferred Amount on Refunding		136,430
Total Deferred Inflows of Resources		
Total Defended filliows of Resources		9,983,326
Net Position		
Net Investment in Capital Assets		8,478,093
Restricted for:		0,170,070
Capital Outlay		281,946
Debt Service		2,410,154
Classroom Facilities and Maintenance		502,915
Food Services		184,969
District Managed Student Activities		97,045
Other Purposes		5,893
Unrestricted		2,393,704
Total Net Position	\$ 1	14,354,719

See accompanying notes to the basic financial statements.

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

				Program	Revei	nues	R	et (Expense) Levenue and Changes in Vet Position
				Charges for		rating Grants		overnmental
		Expenses		Services		Contributions		Activities
Governmental Activities Instruction: Regular	\$	6,255,420	\$	497,621	\$	22,725	\$	(5,735,074)
Special		2,591,438		215,127		577,399		(1,798,912)
Vocational		22,765		1,530		, -		(21,235)
Other		966,274		68,675		65,393		(832,206)
Support services:								, , ,
Pupils		293,681		_		-		(293,681)
Instructional Staff		1,915,119		-		-		(1,915,119)
Board of Education		70,854		-		-		(70,854)
Administration		908,772		-		-		(908,772)
Fiscal		531,264		-		498		(530,766)
Operation and Maintenance of Plant		1,762,604		-		36,624		(1,725,980)
Pupil Transportation		1,286,926		-		-		(1,286,926)
Central		74,081		-		-		(74,081)
Non-Instructional Services		610,781		298,241		398,878		86,338
Extracurricular Activities		448,432		301,344		29,567		(117,521)
Interest and Fiscal Charges		25,007		=		=_		(25,007)
Total Governmental Activities	\$	17,763,418	\$	1,382,538	\$	1,131,084		(15,249,796)
	General Revenues Property Taxes Levied for:							0.7.17.700
		eneral Purpos	es					8,547,538
		ebt Service						420,815
		ermanent Imp		nent				993,964
		lassroom Faci						129,641
		yments in Lie						5,592
		ants & Entitle			d			0.400.405
		o Specific Pro		3				8,488,405
		vestment Earn	ings					563,971
		scellaneous						300,400
	Tota	al General Rev	enues	3				19,450,326
	Cha	nge in Net Po	sition					4,200,530
	Net	Position - Beg	ginnin	g of Year, Re	stated			10,154,189
	Net	Position - End	l of Y	ear			\$	14,354,719

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Pooled Cash and Cash Equivalents Receivables:	\$ 18,432,091	\$ 2,347,536	\$ 321,130	\$ 1,047,529	\$ 22,148,286
Property Taxes	6,628,583	869,020	848,743	116,589	8,462,935
Intergovernmental	-	-	-	201,174	201,174
Accounts	176,039	_	_	-	176,039
Interfund	435,000	-	-	-	435,000
Interest	25,133	-	-	-	25,133
Prepaid Items	129,458	-	-	-	129,458
Total Assets	\$ 25,826,304	\$ 3,216,556	\$ 1,169,873	\$ 1,365,292	\$ 31,578,025
Liabilities:					
Accounts Payable	\$ 109,524	\$ -	\$ 176,540	\$ 38,510	\$ 324,574
Accrued Wages and Benefits Payable	1,191,311	-	-	68,500	1,259,811
Intergovernmental Payable	204,072	-	-	9,255	213,327
Interfund Payable	-	-	-	435,000	435,000
Total Liabilities	1,504,907	_	176,540	551,265	2,232,712
Deferred Inflows of Resources:					
Property Taxes	5,432,796	801,902	711,387	98,584	7,044,669
Unavailable Revenue	364,324	21,389	20,889	55,528	462,130
Total Deferred Inflows of Resources	5,797,120	823,291	732,276	154,112	7,506,799
Fund Balances:					
Nonspendable:					
Prepaid Items	129,458	-	-	-	129,458
Restricted for:		2 202 2 4			2 202 2 4
Debt Service	-	2,393,265	261.055	-	2,393,265
Permanent Improvement	-	-	261,057	104.060	261,057
Food Service	-	-	-	184,969	184,969
Special Trust	-	-	-	108	108
School Improvement	-	-	-	249	249
Classroom Facilities Extracurricular Activities	-	-	-	500,045 97,045	500,045 97,045
State and Federal Grants	-	-	-	97,043	97,043
Committed for:	-	-	-	92	92
Termination Benefits	343,868	_	_	_	343,868
Assigned for:	343,000				3+3,000
Public School Support	39,377	_	_	_	39,377
Future Appropriations	2,469,075	_	_	_	2,469,075
Instruction	9,933	_	_	_	9,933
Support Services	43,497	_	_	_	43,497
Unassigned:	15,489,069	_	_	(122,593)	15,366,476
Total Fund Balances	18,524,277	2,393,265	261,057	659,915	21,838,514
Total Liabilities, Deferred Inflows of					
Resources and Fund Balances	\$ 25,826,304	\$ 3,216,556	\$ 1,169,873	\$ 1,365,292	\$ 31,578,025

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

Total Governmental Fund Balances	\$ 21,838,514
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,870,115
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.	
Delinquent Property Tax Receivables	208,300
Intergovernmental Receivables	52,658
Accounts Receivables	176,039
Interest Receivable	25,133
The net OPEB asset and net pension and net OPEB liabilities are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	4,605,719
Deferred Outflows - OPEB	293,305
Deferred Inflows - Pension	(1,157,413)
Deferred Inflows - OPEB	(1,644,814)
Net Pension Liability	(16,771,040)
Net OPEB Liability	(1,919,984)
Net OPEB Asset	938,758
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds Payable	(1,800,000)
Unamortized Issuance Premiums	(94,708)
Deferred Amount on Refunding	(136,430)
Accrued Interest Payable	(4,500)
Capital Leases Payable	(360,884)
Compensated Absence Payable	(764,049)
	(3,160,571)
Net Position of Governmental Activities	\$ 14,354,719

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

December	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:	Φ 0.501.540	¢ 410.066	Ф 007.047	Ф 120.002	Ф 10 121 245
Property Taxes	\$ 8,591,540	\$ 412,866	\$ 997,047	\$ 129,892	\$ 10,131,345
Payments in Lieu of Taxes	5,465	30	86	1149.202	5,592
Intergovernmental	8,381,360	37,321	69,724	1,148,393	9,636,798
Investment Earnings	538,838	-	-	-	538,838
Tuition and Fees	782,877	-	-	269.064	782,877
Extracurricular Activities	32,380	-	-	268,964	301,344
Contributions and Donations	22,725	-	-	29,567	52,292
Customer Sales and Services	45,904	-	-	252,337	298,241
Miscellaneous	291,582	450.017	1.066.057	1 020 164	291,582
Total Revenues	18,692,671	450,217	1,066,857	1,829,164	22,038,909
Expenditures: Instruction:					
Regular	6,786,481	_	40,645	_	6,827,126
Special	2,313,882	_	-	668,952	2,982,834
Vocational	21,127	_	_	-	21,127
Other	874,782	_	_	65,811	940,593
Support services:	07 1,702			03,011	710,575
Pupils	335,831	_	_	_	335,831
Instructional Staff	1,457,803	_	406,974	_	1,864,777
Board of Education	70,182	_	-	_	70,182
Administration	1,039,725	_	_	_	1,039,725
Fiscal	480,993	5,821	26,579	1,549	514,942
Operation and Maintenance of Plant	1,326,875	3,021	203,221	97,973	1,628,069
Pupil Transportation	1,135,343	_	87,603	-	1,222,946
Central	84,866	_	-	_	84,866
Non-Instructional Services	1,197	_	14,499	578,239	593,935
Extracurricular Activities	234,973	_	-	255,775	490,748
Debt service:	234,773			255,775	470,740
Principal Retirement	_	442,000	25,135	_	467,135
Interest and Fiscal Charges	_	71,189	20,897	_	92,086
Total Expenditures	16,164,060	519,010	825,553	1,668,299	19,176,922
Total Expenditures	10,101,000	212,010	023,333	1,000,255	17,170,722
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	2,528,611	(68,793)	241,304	160,865	2,861,987
Other Financing Sources / (Uses):					
Sale of Assets	537				537
Transfers In	398	_	_	_	398
Transfers Out	376			(398)	(398)
Total Other Financing Sources / (Uses)	935		<u>_</u>	(398)	537
Total Other Financing Sources / (Oses)				(378)	
Net Change in Fund Balances	2,529,546	(68,793)	241,304	160,467	2,862,524
Fund Balances - Beginning, Restated	15,994,731	2,462,058	19,753	499,448	18,975,990
Fund Balances - Ending	\$ 18,524,277	\$ 2,393,265	\$ 261,057	\$ 659,915	\$ 21,838,514
	,1,2//	÷ 2,0,0,200		- 357,713	,000,011

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	\$	2,862,524
Amounts reported for governmental activities in the statement of activities are different because	e:	
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.		
Depreciation Expense		(939,804)
Capital Outlay		263,245
The net effect of various transactions involving capital assets (i.e. sales, disposals, etc.)		(79,216)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(75,498)
are not reported as revenues in the rands.		(73,470)
Contractually required contributions are reported as expenditures in governmental funds;		
however, the statement of net position reports these amounts as deferred outflows.		1,316,254
Except for amounts reported as deferred inflows/outflows, changes in the net pension		
liability are reported as pension expense in the statement of activities.		(1,605,553)
,		(-,,)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB		
asset/liability are reported as OPEB expense in the statement of activities.		1,946,223
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to		
governmental funds, while the repayment of the principal of long-term debt consumes the		
current financial resources of governmental funds. Neither transaction, however, has any		
effect on net position. Also, governmental funds report the effect of issuance premiums		
and discounts, and similar items when debt is first issued, whereas these amounts are		
deferred and amortized in the statement of activities.		
Bond Principal Repayments		415,000
Amortization on Deferred Amount on Refunding		38,981
Net Amortization on Bond Premium		27,060
Capital Lease Principal Repayments		52,135
Some expenses reported in the statement of activities, such as compensated absences		
payable and other accounts payable, do not require the use of current financial		
resources and therefore are not reported as expenditures in the funds.		(21.950)
Compensated Absences Accrued Interest		(21,859) 1,038
Accrued interest		1,036
Change in Net Position of Governmental Activities	\$	4,200,530

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

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Property Taxes	\$ 7,106,741	\$ 7,697,139	\$ 7,697,139	\$ -
Payments in Lieu of Taxes	5,046	5,465	5,465	-
Intergovernmental	7,738,479	8,381,360	8,381,360	-
Investment Earnings	399,312	432,485	432,485	-
Tuition and Fees	722,827	782,877	782,877	-
Extracurricular Activities	29,896	32,380	32,380	-
Miscellaneous	269,146	291,506	291,506	
Total Revenues	16,271,447	17,623,212	17,623,212	
Expenditures:				
Instruction:	6050 444	6 5 0 5 6 1 6	6 5 0 5 616	
Regular	6,959,444	6,587,616	6,587,616	-
Special	2,442,336	2,318,361	2,318,361	-
Vocational	22,321	21,127	21,127	-
Other	921,296	876,022	876,022	-
Support services:	251 421	222 (26	222 (2)	
Pupils	351,421	332,626	332,626	-
Instructional Staff Board of Education	1,558,681	1,463,317	1,463,317	-
	78,435	82,503	82,503	-
Administration Fiscal	1,101,351	1,041,473	1,041,473	-
Operation and Maintenance of Plant	514,585	483,232	483,232	-
Pupil Transportation	1,347,748 1,292,704	1,318,475 1,215,308	1,318,475 1,215,308	-
Central	117,902	95,604	95,604	-
Extracurricular Activities	246,286	238,270	238,270	-
Total Expenditures	16,954,510	16,073,934	16,073,934	-
Excess of Revenues Over	(692,062)	1.540.270	1.540.270	
(Under) Expenditures	(683,063)	1,549,278	1,549,278	
Other Financing Sources (Uses):				
Sale of Assets	496	537	537	-
Transfers Out	(98,504)	(98,504)	(98,504)	-
Advances In	252,100	252,100	252,100	-
Advances Out		(435,000)	(435,000)	
Total Other Financing Sources (Uses)	154,092	(280,867)	(280,867)	
Net Change in Fund Balance	(528,971)	1,268,411	1,268,411	-
Fund Balances at Beginning of Year	15,771,563	15,771,563	15,771,563	-
Prior Year Encumbrances Appropriated	137,718	137,718	137,718	-
Fund Balances at End of Year	\$ 15,380,310	\$ 17,177,692	\$ 17,177,692	\$ -

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUND JUNE 30, 2019

	Agency Fund	
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$	37,367
Total Assets	\$	37,367
Liabilities		
Current Liabilities:		
Due to Students	\$	37,297
Accounts Payable		70
Total Liabilities	\$	37,367

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Westfall Local School District (the School District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District is a local school district as defined by Ohio Revised Code Section 3311.03. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by the state statute and/or federal guidelines.

The School District was established through the consolidation of existing land areas and school districts. It is staffed by 78 non-certificated employees, and 112 certified employees who provide services to 1,465 students.

Reporting Entity:

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

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

The School District is associated with one jointly governed organization, the Metropolitan Educational Technology Association (META). The School District is also associated with two insurance purchasing pools: Sheakley Uniservice Worker's Compensation Group Rating Plan (GRP) and the Pickaway County Public Employee Benefit Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District.

- Boosters Clubs
- Parent-Teacher Organizations

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District could fall within three categories: governmental, proprietary, and fiduciary.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

The following are the School District's major governmental funds:

General Fund

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

Bond Retirement Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The primary source of revenue is tax revenue.

Permanent Improvement Fund

This fund is used to account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds. The primary source of revenue is tax revenue.

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

Proprietary Funds

Proprietary funds focus on the determination of the change in net position, financial position and cash flows and consist of enterprise and internal service funds. The School District has no proprietary funds.

Fiduciary Funds

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

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

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

Agency funds do not report a measurement focus as they do not report 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 and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

Revenues- Exchange and Non-Exchange Transactions

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, PILOTs, 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 School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pensions and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, deferred amount on refunding, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 School District, unavailable revenue includes delinquent property taxes, intergovernmental revenues, interest receivable and accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. A deferred amount 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. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 11 and 12).

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements.

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

E. Cash and Cash Equivalents and Investments

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

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2019 amounted to \$538,838, which includes \$118,212 assigned from other District funds.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. At fiscal year-end, investments were limited to STAR Ohio, money market repurchase agreements, federal agency securities, negotiable CD's and commercial paper.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. The School District did not have any restricted assets at fiscal year-end.

G. Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both the 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 amount is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources, even though it is a component of net current assets.

H. Inventory

All inventories are valued at cost and donated commodities are presented at their entitlement value using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. At fiscal year-end, the School District had no significant inventory balances on hand.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description	Estimated Lives	
Buildings	100 years	
Improvements	5 - 20 years	
Furniture, Fixtures and Equipment	5 - 20 years	
Library Books and Textbooks	5 - 10 years	
Vehicles	10 years	

J. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the statement of net position.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at the fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees and administrators who are over age 60 with five years of experience, over age 45 with ten years of experience, or any age with twenty five years of experience.

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

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements and proprietary fund 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, 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 in the current year. Long-term bonds and capital leases 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 the benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payments of those benefits.

M. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss

Bond premiums are presented as an addition to the face amount of the bonds. On government-wide statements, bond premiums are deferred and amortized using the straight-line method, which approximates the effective interest method. On the governmental fund financial statements, 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 9.

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 a deferred outflow/inflow of resources.

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Net Position

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

Net position restricted for other purposes are primarily from federal and state grants reported in the Special Revenue Funds. The School District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

P. Fund Balance

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

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

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

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

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

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Q. Interfund Transactions

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

R. Estimates

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

S. Budgetary Process

All funds, other than the agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of control was established at the fund level for expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the first permanent appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2019.

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

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

- 1. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
- 2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
- 3. Encumbrances are treated as expenditures (budgetary basis) rather than as an assignment of fund balance (GAAP basis).
- 4. Certain funds that are legally budgeted in separate special revenue funds are reported as part of the General Fund on the GAAP basis are not included on the budgetary basis, including the public school support fund, termination benefits fund and workers compensation and health insurance funds.

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

Net Change in Fund Balance

GAAP Basis	\$2,529,546
Adjustments:	
Revenue Accruals	(1,000,754)
Expenditure Accruals	85,932
Other Financing Sources/Uses	(182,900)
Encumbrances	(156,556)
Prospectice Difference	
Activity of Funds Reclassified for	
GAAP Reporting Purposes	(6,857)
Budget Basis	\$1,268,411

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School 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 be either 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 moneys. Interim moneys are those moneys that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

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

- 1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
- 2. Bonds, notes, debentures, or 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, and government national mortgage association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
- 5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

PICKAWAY COUNTY NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

- 6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 7. The State Treasurer's investment pool (STAR Ohio);
- 8. Certain 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 40 percent of the interim monies available for investment at any one time if training requirements have been met;

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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 money 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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the School District's deposits was \$4,259,794 and the bank balance was \$4,551,160. Of the School District's bank balance, \$500,000 was covered by the Federal Depository Insurance Corporation (FDIC) and the remaining balance was uninsured and collateralized.

Ohio law requires that deposits either be insured or be protected by:

- 1. Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- 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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

At fiscal year-end, the School District reported the following investments at fair value:

Standard					Investment Maturities					
		and Poor's			Percent	V	Vithin		1 to 2	3 to 5
Level	Investment Type	Rating	F	air Value	of Total	1	Year		Years	 Years
2	FHLM	AA+	\$	451,993	4.89%	\$	-	\$	451,993	\$ -
2	FFCB	AA+		461,224	4.98%		-		-	461,224
2	Negotiable CD's	N/A		4,497,586	48.58%		-		2,491,659	2,005,927
2	Commercial Paper	A-1		3,838,165	41.46%	3	,838,165		-	-
1	Money Market	N/A		8,753	0.09%		8,753		-	 -
	Total		\$	9,257,721	100%	\$ 3	,846,918	\$	2,943,652	\$ 2,467,151

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Institutional bond quotes and evaluations based on various market and industry inputs are used in the valuation of the School District's level 2 investments.

In addition, at fiscal year-end, the School District's reported an investment in STAR Ohio totaling \$8,668,138. In accordance with GASB Statement No. 79, the School District's investment in STAR Ohio is reported at amortized cost. For the fiscal year ended June 30, 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. STAR Ohio is rated AAAm by Standard and Poor's.

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State statute.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in eligible securities as described in the Ohio Revised Code. The policy does not place limitations on the amounts the School District may invest in a single issuer.

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1,2018, on the assessed value listed as of January 1,2018, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected in 2019 with real property taxes. Public utility real property is assessed at thirty five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes paid by multicounty taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Tangible personal property tax revenue received during calendar year 2019 (other than public utility property tax) represents the collection of 2018 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2019 were levied after April 1, 2018, on the value as of December 31, 2018. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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

Accrued property taxes receivable represents the June 2019 personal property tax settlement, delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which become measurable as of June 30, 2019. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2019 was \$1,209,966 and is recognized as revenue. Of this total amount, \$1,032,635 was available to the General Fund, \$45,729 was available to the Bond Retirement Fund, \$116,467 was available to the Permanent Improvement Capital Projects Fund and \$15,135 was available to the Classroom Facilities Maintenance Projects Fund.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 5 – PROPERTY TAXES (Continued)

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

	2018 Second-			2019 First-			
		Half Collections			Half Collections		
	A	mount	Percent	Amount		Percent	
Agricultural/Residental and Other Real Estate	\$ 25	58,286,020	72.48%	\$ 258	,102,780	70.77%	
Public Utility Personal	9	08,069,840	27.52%	106	,578,980	29.23%	
Total Assessed Value	\$ 35	66,355,860	100.00%	\$ 364	,681,760	100.00%	
Tax rate per \$1,000 of assessed valuation	\$	32.85		\$	32.55		

NOTE 6 – RECEIVABLES

Receivables at June 30, 2019 consisted of property taxes, interfund, accounts, interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Nonmajor Special Revenue Funds:	
Title VI-B IDEA	\$ 86,579
Title I School Improvement	22,562
Title I	79,451
IDEA Early Childhood Education	9
Title II-A	12,573
Total Intergovernmental Receivable	\$ 201,174

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 7 – CAPITAL ASSETS

The School District's beginning capital asset balance has been restated. See Note 22 for more information on this restatement. Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 105,604	\$ -	\$ -	\$ 105,604
Total Capital Assets, Not Being Depreciated	105,604	-		105,604
Capital Assets Being Depreciated				
Land Improvements	4,123,041	38,553	-	4,161,594
Buildings and Improvements	17,388,622	126,936	(13,338)	17,502,220
Furniture, Fixtures and Equipment	1,890,292	10,153	(273,827)	1,626,618
Vehicles	2,503,374	87,603	(567,405)	2,023,572
Library Books and Text Books	892,299	-	-	892,299
Total Capital Assets, Being Depreciated	26,797,628	263,245	(854,570)	26,206,303
Less Accumulated Depreciation:				
Land Improvements	(2,007,739)	(178,126)	-	(2,185,865)
Buildings and Improvements	(9,712,284)	(491,909)	1,420	(10,202,773)
Furniture, Fixtures and Equipment	(1,127,754)	(142,416)	213,752	(1,056,418)
Vehicles	(1,537,266)	(127,353)	560,182	(1,104,437)
Library Books and Text Books	(892,299)	-	-	(892,299)
Total Accumulated Depreciation	(15,277,342)	(939,804)	775,354	(15,441,792)
Total Capital Assets Being Depreciated, Net	11,520,286	(676,559)	(79,216)	10,764,511
Governmental Activities Capital Assets, Net	\$ 11,625,890	\$ (676,559)	\$ (79,216)	\$ 10,870,115

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$ 568,600
Special	150
Other	16,484
Support Services:	
Instructional Staff	70,199
Administration	229
Operation and Maintenance	144,324
Pupil Transportation	126,948
Central	3,174
Operation of Non-Instructional Services	5,798
Extracurricular Activities	3,898
Total Depreciation Expense	\$ 939,804

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2019, the School District contracted with Neil Coleman Insurance for professional and general liability insurance, fleet insurance and property insurance. Insurance coverages provided are as follows:

Building and Contents replacement cost (\$1,000)	\$ 51,361,146
Automobile Liability (\$0 deductible)	1,000,000
General Liability:	
Per Occurrence (\$0 deductible)	1,000,000
Aggregate Limit	3,000,000
Educators Legal Liability (\$5,000 deductible)	1,000,000

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

For fiscal year 2019, the School District participated in the Sheakey Uniservice Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

Effective July 1, 2009, the School District began offering health care and prescription drug benefits to employees through the Pickaway County Public Employees Benefits Program, which is more fully described in Note 17. The health care coverage is administered by United Healthcare, a third-party administrator. The stop-loss coverage is \$150,000 per covered person and an aggregate of \$2,000,000.

During fiscal year 2012, the School District began offering dental benefits through the Pickaway County Public Employees Benefits Program as well.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 – LONG-TERM OBLIGATIONS

During fiscal year 2019, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding 6/30/2018		nding		Deductions		Balance Outstanding 6/30/2019		Due in One Year	
General Obligation Bonds:										
2015 Refunding, 3.00%										
Serial Bonds	\$	2,215,000	\$	-	\$	(415,000)	\$	1,800,000	\$	435,000
Total Long-Term Bonds		2,215,000		-		(415,000)		1,800,000		435,000
Net Pension Liability										
SERS		4,022,460		-		(96,778)		3,925,682		-
STRS		13,401,801		-		(556,443)		12,845,358		-
Total Net Pension Liability		17,424,261		-		(653,221)		16,771,040		-
Net OPEB Liability										
SERS		1,834,694		85,290		-		1,919,984		-
STRS		2,201,154		-		(2,201,154)		-		-
Total Net OPEB Liability		4,035,848		85,290		(2,201,154)		1,919,984		-
Premium on 2015 Refunding Bonds		121,768		_		(27,060)		94,708		_
Capital Leases		413,019		_		(52,135)		360,884		56,607
Compensated Absences		742,190		117,388		(95,529)		764,049		83,446
Total Long-Term Obligations	\$	24,952,086	\$	202,678	\$	(3,444,099)	\$	21,710,665	\$	575,053

The bonds are paid from the Bond Retirement Fund. The capital leases are being paid from the Bond Retirement Fund and Permanent Improvement Fund. Compensated absences are being paid from the fund from which the employee is paid, with the General Fund being the most significant. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefiting from the employee's service. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

2005 Refunding Bonds – In October 2005, the School District issued \$4,879,991 of voted general obligation bonds for the partial advance refunding of the 2000 series bonds. \$4,560,000 was issued as serial bonds with interest rates ranging from 3.0% to 4.10%. \$319,991 was issued as capital appreciation bonds with an interest rate of 25.52%. The bonds were issued for a seventeen year period, with final maturity December 1, 2022.

During fiscal year 2016, the outstanding balance of the bonds (\$3,110,000) were advance refunded with the issuance of the General Obligation Advance Refunding Bonds Series 2015. The refunded bonds had a call date of December 1, 2016.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

2015 Refunding Bonds – In December 2015, the School District issued \$3,015,000 of voted general obligation bonds for the full advance refunding of the 2005 series bonds. \$3,015,000 was issued as serial bonds with an interest rate of 3.00%. The bonds were issued for a seven year period, with final maturity December 1, 2022. This refunding resulted in cash flow savings of \$240,103 and an economic gain of \$221,363. The refunding bonds are being retired from the Bond Retirement Fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2019, are as follows:

Fiscal Year Ending						Total				
June 30	Principal		Principal		Principal		I	nterest	F	Payments
2020	\$	435,000	\$	47,475	\$	482,475				
2021		445,000		34,275		479,275				
2022		455,000		20,775		475,775				
2023		465,000		6,975		471,975				
	\$	1,800,000	\$	109,500	\$	1,909,500				

The Ohio Revised Code provides that voted net obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The effects of these debt limitations at June 30, 2019, are voted debt limit of \$32,821,358 and an unvoted debt limit of \$364,682.

NOTE 10 – CAPITAL LEASES

The School District has entered into agreements to lease copiers and to replace a roof. These leases meet the criteria of capital leases as defined by governmental accounting standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the governmental funds. The capital leased assets have been capitalized in the amount of \$987,724 in governmental activities, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2019 were \$52,135 in the governmental funds.

The School District's future minimum lease payments and present value of net minimum lease payments required under these capital lease obligations as of June 30, 2019 are as follows:

E. 187 E.1.17 20	-	ital Lease
Fiscal 'Year Ended June 30,	Payments	
2020	\$	84,069
2021		84,709
2022		84,279
2023		76,129
2024		38,221
2025-2026		76,448
Total Future Minimum Lease Payments		443,855
Less: Amount Representing Interest		(82,971)
Present Value of Net Minimum Lease Payments	\$	360,884

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

The School District's contractually required contribution to SERS was \$307,161 for fiscal year 2019. Of this amount \$22,205 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent 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 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent 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.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

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

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

The School District's contractually required contribution to STRS was \$957,675 for fiscal year 2019. Of this amount, \$134,194 is reported as intergovernmental payable.

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

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

	SERS	STRS	Total
Proportionate Share of the Net			_
Pension Liability	\$3,925,682	\$12,845,358	\$16,771,040
Proportion of the Net Pension			
Liability - Current Measurement Date	0.0685447%	0.05842051%	
Proportion of the Net Pension			
Liability - Prior Measurement Date	0.0673240%	0.05641625%	
Change in Proportionate Share	0.0012207%	0.00200426%	
	_	_	
Pension Expense	\$375,012	\$1,230,541	\$1,605,553

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and			
actual experience	\$ 215,299	\$ 296,510	\$ 511,809
Change of assumptions	88,650	2,276,440	2,365,090
Changes in proportionate share	67,873	396,111	463,984
School District contributions subsequent to			
the measurement date	307,161	 957,675	 1,264,836
Total Deferred Outflows of Resources	 \$678,983	 \$3,926,736	 \$4,605,719
Deferred Inflows of Resources			
Differences between expected and			
actual experience	\$ -	\$ 83,888	\$ 83,888
Net difference between projected and			
actual investment earnings	108,769	778,928	887,697
Changes in proportionate share	9,851	 175,977	185,828
Total Deferred Inflows of Resources	\$ 118,620	\$ 1,038,793	\$ 1,157,413

\$1,264,836 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:	_	_	
2020	\$322,531	\$1,115,580	\$1,438,111
2021	92,860	799,851	892,711
2022	(128,831)	106,854	(21,977)
2023	(33,358)	(92,017)	(125,375)
Total	\$253,202	\$1,930,268	\$2,183,470

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

Actuarial Assumptions – SERS

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

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

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

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

Wage Inflation 3 percent

Future Salary Increases, including inflation 3.50 percent to 18.20 percent

COLA or Ad Hoc COLA 2.50 percent

Investment Rate of Return 7.50 percent net of investments expense, including inflation

Actuarial Cost Method Entry Age Normal (Level Percent of Payroll)

For 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 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

The long-term return expectation for the Pension Plan Investments has been determined 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.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

		Current	
	1% Decrease	Discount Rate	1% Increase
	(6.50%)	(7.50%)	(8.50%)
School District's proportionate	_		
share of the net pension liability	\$5,529,619	\$3,925,682	\$2,580,888

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.50 percent

Projected salary increases 12.50 percent at age 20 to 2.50 percent at age 65

Investment Rate of Return 7.45 percent, net of investment expenses, including inflation

Payroll Increases 3.00 percent

Cost-of-Living Adjustments (COLA) 0.00 percent 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 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

	Target	Long-Term Expected
Asset Class	Allocation **	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 annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

^{**} 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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS – (continued)

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

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

	Current			
	1% Decrease	Discount Rate	1% Increase	
	(6.45%)	(7.45%)	(8.45%)	
School District's proportionate				
share of the net pension liability	\$18,758,955	\$12,845,358	\$7,840,301	

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. As of June 30, 2019, no members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT OPEB PLANS

Net OPEB Asset/Liability

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

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

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

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

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT OPEB PLANS – (continued)

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage.

Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.50 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$40,042.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$51,418 for fiscal year 2019. Of this amount \$40,808 is reported as intergovernmental payable.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT OPEB PLANS – (continued)

Plan Description – State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportionate Share of the Net			_
OPEB Liability/(Asset)	\$1,919,984	(\$938,758)	\$981,226
Proportion of the Net OPEB Liability/			
(Asset) - Current Measurement Date	0.0692068%	0.05842051%	
Proportion of the Net OPEB			
Liability - Prior Measurement Date	0.0683634%	0.05641625%	
Change in Proportionate Share	0.0008434%	0.0020043%	
		_	
OPEB Expense	\$81,420	(\$2,027,643)	(\$1,946,223)

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT OPEB PLANS – (continued)

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

		SERS	 STRS	 Total
Deferred Outflows of Resources	·		 _	
Differences between expected and actual experience	\$	31,341	\$ 109,648	\$ 140,989
Changes in proportionate share		29,476	71,422	100,898
School District contributions subsequent to				
the measurement date		51,418	-	 51,418
Total Deferred Outflows of Resources	\$	112,235	\$ 181,070	\$ 293,305
Deferred Inflows of Resources				
Differences between expected and				
actual experience	\$	-	\$ 54,695	\$ 54,695
Net difference between projected and				
actual investment earnings		2,881	107,245	110,126
Changes of assumptions		172,496	1,279,132	1,451,628
Changes in proportionate share			 28,365	28,365
Total Deferred Inflows of Resources	\$	175,377	\$ 1,469,437	\$ 1,644,814

\$51,418 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

_	SERS	STRS	Total
Fiscal Year Ending June 30:		_	
2020	(\$61,493)	(\$232,144)	(\$293,637)
2021	(47,326)	(232,144)	(279,470)
2022	(2,469)	(232,145)	(234,614)
2023	(1,240)	(207,789)	(209,029)
2024	(1,441)	(199,243)	(200,684)
Thereafter	(591)	(184,902)	(185,493)
Total	(\$114,560)	(\$1,288,367)	(\$1,402,927)

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT OPEB PLANS – (continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation 3.00 percent

Future Salary Increases, including inflation

3.50 percent to 18.20 percent

7.50 percent net of investments expense, including inflation

Municipal Bond Index Rate:

Measurement Date 3.62 percent
Prior Measurement Date 3.56 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Measurement Date 3.70 percent
Prior Measurement Date 3.63 percent

Medical Trend Assumption

Medicare5.375 to 4.75 percentPre-Medicare7.25 to 4.75 percent

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

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT OPEB PLANS – (continued)

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

The 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:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT OPEB PLANS – (continued)

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

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	\$2,329,749	\$1,919,984	\$1,595,526
	1% Decrease (6.25% decreasing to 3.75%)	Discount Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,549,075	\$1,919,984	\$2,411,134

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Salary increases	12.50 percent at age 20 to
	2.50 percent at age 65
Payroll Increases	3.00 percent
Investment Rate of Return	7.45 percent, net of investment
	expenses, including inflation
Health Care Cost Trends	
Pre-Medicare	6.00 percent initial, 4.00 percent ultimate
Medicare	5.00 percent initial, 4.00 percent ultimate
Perscription Drug Cost Trends	
Pre-Medicare	8.00 percent initial, 4.00 percent ultimate
Medicare	negative 5.23 percent initial, 4.00 percent ultimate

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

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (continued)

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB asset was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB asset as of June 30, 2018.

^{**} 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.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT OPEB PLANS – (continued)

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

	Current							
	1% Decrease	Discount Rate	1% Increase					
	(6.45%)	(7.45%)	(8.45%)					
School District's proportionate share of the net OPEB asset	(\$804,603)	(\$938,758)	(\$1,051,508)					
		Current						
	1% Decrease	Trend Rate	1% Increase					
School District's proportionate share of the net OPEB asset	(\$1,045,144)	(\$938,758)	(\$830,715)					

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

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

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for aides and all other classified employees, and for certified employees. Upon retirement, payment is made for 28% of accrued, but unused sick leave credit up to a maximum of 220 days for all employees.

Health, Prescription Drug and Dental Insurance

The School District provides health care, prescription drug and dental benefits through the Pickaway County Public Employees Benefits Program.

NOTE 14 – INTERFUND ACTIVITY

Interfund balances at fiscal year-end, as reported on the fund financial statements, consist of the following individual interfund receivables and payables:

Fund	R	Leceivable	 Payable
General Fund	\$	435,000	\$ -
Other Governmental Funds			
Title VI-B		-	230,000
School Improvement		-	55,000
Title I		-	95,000
IDEA Preschool		-	10,000
Improving Teacher Quality		-	 45,000
Totals	\$	435,000	\$ 435,000

Interfund advances are made to provide funds for federal projects until funding is received and are reported as Interfund Receivables/Payables. In general, interfund advances are made at the end of the fiscal year and then returned the next fiscal year when funding is received.

In addition, the Other Local Grants Fund transferred \$398 to the General Fund to close out the fund balance.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 15 – STATUTORY SET-ASIDES

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

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

	C	apital		
	Aco	uisition		
Set-Aside Reserve Balance as of June 30, 2018	\$	-		
Current Year Set-Aside Requirement		251,993		
Current Year Offsets	(251,993)			
Current Year Qualifying Disbursements				
Totals				
Set-Aside Reserve Balance as of June 30, 2019	\$	-		

Since current year offsets may not be carried over to the next fiscal year, current year offsets presented in the table were limited to those necessary to reduce the fiscal year-end balance to zero.

NOTE 16 – JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Technology Association

The School District participates in the Metropolitan Educational Technology Association (META). META is composed of over 200 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio. The META helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the program. Payments to META during the fiscal year totaled to \$63,621. Financial information may be obtained from the Metropolitan Educational Technology Association, 2100 Citygate Dr., Columbus, OH 43219.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 17 – INSURANCE PURCHASING POOLS

Sheakley Uniservice Worker's Compensation Group Rating Plan - The School District participates in a Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool, with Sheakley Uniservice. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Pickaway County Public Employee Benefit Program - The School District is a member of the Pickaway County Public Employer Benefit Program (the "Program"), a public entity shared risk pool consisting of four school districts within Pickaway County and its surrounding area. The Board of Directors exercise control over the operation of the Program. Each member School District is represented on the Board of Directors by their superintendent or superintendent designee. To obtain financial information, write to Stacy Overly, Treasurer, Teays Valley Local School District, 385 Viking Way, Ashville, Ohio 43103.

NOTE 18 – CONTINGENCIES

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

NOTE 19 – DEFICIT FUND BALANCE

The following funds had a deficit fund balance at June 30, 2019:

Fund	Deficit Balance
Title VI-B	\$79,884
School Improvement	8,138
Title I	17,163
Improving Teacher Quality	17,408

These deficit fund balances are the result of the recognition of payables in accordance with accounting principles generally accepted in the United States of America. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year ending June 30, 2019, the School District has implemented the following:

GASB Statement No. 83 "Certain Asset Retirement Obligations" will enhance comparability of financial statements among governmental by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. The implementation of this statement did not have an effect on the financial statements of the School District.

GASB Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" improves the information that is disclosed in the notes of the governmental financial statements related to debt, including debt borrowings and direct placements. This statement also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement did not have an effect on the financial statements of the School District.

NOTE 21 – OTHER COMMITMENTS

The School 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 School District's encumbrances in governmental funds were as follows:

	Year-End					
Fund	Encumbrances					
General	\$	156,718				
Permanent Improvement		188,715				
Other Governmental		63,134				
Total	\$	408,567				

PICKAWAY COUNTY NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 22 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The School District's beginning net position has been restated to record capital assets that were expensed in prior years and were uncovered during physical inventory count performed by the valuation company. In addition, the School District's beginning fund balance has been restated to reclassify amounts reported as transfers in the prior fiscal year as interfund receivables and payables, as these amounts were interfund loans and were repaid during the current fiscal year.

The restatement had the following effect on net position and fund balance as reported June 30, 2018:

	Governmental Activities		
Net position June 30, 2018	\$9,876,813		
Adjustments: Depreciable Capital Assets, Net	277,376		
Restated Net Position June 30, 2018	\$10,154,189		
	General Fund	Permanent Improvement Fund	Other Governmental Funds
Fund Balance June 30, 2018	\$15,934,131	\$79,753	\$500,048
Adjustments: Interfund Receivable/Payable	60,600	(60,000)	(600)
Restated Fund Balance June 30, 2018	\$15,994,731	\$19,753	\$499,448

REQUIRED SUPPLEMENTARY INFORMATION

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST SIX FISCAL YEARS (1)

		2019		2018		2017		2016		2015		2014
District's Proportion of the Net Pension Liability	0	.0685447%	0	.0673240%	0.	.0665478%	0	.0677706%	0.	0643350%	0	0643350%
District's Proportionate Share of the Net Pension Liability	\$	3,925,682	\$	4,022,460	\$	4,870,685	\$	3,867,056	\$	3,255,958	\$	3,825,796
District's Covered Payroll	\$	2,251,967	\$	2,229,026	\$	2,064,936	\$	2,054,896	\$	1,877,904	\$	1,904,436
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll		174.32%		180.46%		235.88%		188.19%		173.38%		200.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.36%		69.50%		62.98%		69.16%		71.70%		65.52%

⁽¹⁾ Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST SIX FISCAL YEARS (1)

		2019		2018 2017			2016		2015		2014	
District's Proportion of the Net Pension Liability	0.	.05842051%	0.	0.05641625%		.05715879%	0.	05619370%	0.	.05712397%	0.	05712397%
District's Proportionate Share of the Net Pension Liability	\$	12,845,358	\$	13,401,801	\$	19,132,770	\$	15,530,295	\$	13,894,526	\$	16,551,069
District's Covered Payroll	\$	6,695,150	\$	6,551,233	\$	6,312,936	\$	6,203,811	\$	6,214,473	\$	6,088,457
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll		191.86%		204.57%		303.07%		250.33%		223.58%		271.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		77.30%		75.30%		66.80%		72.10%		74.70%		69.30%

⁽¹⁾ Information prior to 2014 is not available.

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

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2019		2018	2017	2016	
Contractually Required Contribution	\$	307,161	\$ 304,016	\$ 312,064	\$	289,091
Contributions in Relation to the Contractually Required Contribution	\$	307,161	\$ 304,016	\$ 312,064	\$	289,091
Contribution Deficiency (Excess)	\$		\$ 	\$ 	\$	
Covered Payroll	\$	2,275,267	\$ 2,251,967	\$ 2,229,026	\$	2,064,936
Contributions as a Percentage of Covered Payroll		13.50%	13.50%	14.00%		14.00%

2015	 2014	 2013	 2012)12		 2010
\$ 270,835	\$ 260,277	\$ 263,574	\$ 244,181	\$	214,059	\$ 301,458
\$ 270,835	\$ 260,277	\$ 263,574	\$ 244,181	\$	214,059	\$ 301,458
\$ 	\$ 	\$ 	\$ 	\$	-	\$ -
\$ 2,054,896	\$ 1,877,904	\$ 1,904,436	\$ 1,815,472	\$	1,702,936	\$ 2,226,425
13.18%	13.86%	13.84%	13.45%		12.57%	13.54%

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2019		2018		2017	2016	
Contractually Required Contribution	\$	957,675	\$	937,321	\$ 917,172	\$	883,811
Contributions in Relation to the Contractually Required Contribution	\$	957,675	\$	937,321	\$ 917,172	\$	883,811
Contribution Deficiency (Excess)	\$		\$		\$ 	\$	
Covered Payroll	\$	6,840,536	\$	6,695,150	\$ 6,551,233	\$	6,312,936
Contributions as a Percentage of Covered Payroll		14.00%		14.00%	14.00%		14.00%

 2015	 2014	 2013	 2012	 2011	2010		
\$ 868,534	\$ 807,882	\$ 791,499	\$ 805,287	\$ 741,466	\$	747,576	
\$ 868,534	\$ 807,882	\$ 791,499	\$ 805,287	\$ 741,466	\$	747,576	
\$ 	\$ 	\$ 	\$ 	\$ 	\$		
\$ 6,203,811	\$ 6,214,473	\$ 6,088,457	\$ 6,194,515	\$ 5,703,585	\$	5,750,585	
14.00%	13.00%	13.00%	13.00%	13.00%		13.00%	

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST THREE FISCAL YEARS (1)

		2019		2018		2017
School District's Proportion of the Net OPEB Liability	0.	0692068%	0.	0683634%	0.	0677257%
School District's Proportionate Share of the Net OPEB Liability	\$	1,919,984	\$	1,834,694	\$	1,930,433
School District's Covered Payroll	\$	2,251,967	\$	2,229,026	\$	2,064,936
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll		85.26%		82.31%		93.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		13.57%		12.46%		11.49%

⁽¹⁾ Information prior to 2017 is not available.

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

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET) STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST THREE FISCAL YEARS (1)

		2019		2018		2017
School District's Proportion of the Net OPEB Liability/(Asset)	0.0	05842051%	0.0)5641625%	0.0)5715879%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$	(938,758)	\$	2,201,154	\$	3,056,867
School District's Covered Payroll	\$	6,695,150	\$	6,551,233	\$	6,312,936
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll		-14.02%		33.60%		48.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		176.00%		47.10%		37.30%

⁽¹⁾ Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2019		2018		2017		2016	
Contractually Required Contribution (1)	\$	51,418	\$	47,175	\$	37,468	\$	34,390
Contributions in Relation to the Contractually Required Contribution	\$	51,418	\$	47,175	\$	37,468	\$	34,390
Contribution Deficiency (Excess)	\$		\$		\$	-	\$	-
Covered Payroll	\$	2,275,267	\$	2,251,967	\$	2,229,026	\$	2,064,936
Contributions as a Percentage of Covered Payroll (1)		2.26%		2.09%		1.68%		1.67%

⁽¹⁾ Includes Surcharge

 2015	2014	2013		2012			2011	2010		
\$ 51,947	\$ 14,272	\$	14,093	\$	14,490	\$	56,299	\$	59,679	
\$ 51,947	\$ 14,272	\$	14,093	\$	14,490	\$	56,299	\$	59,679	
\$ 	\$ 	\$		\$		\$		\$	_	
\$ 2,054,896	\$ 1,877,904	\$	1,904,436	\$	1,815,472	\$	1,702,936	\$	2,226,425	
2.53%	0.76%		0.74%		0.80%		3.31%		2.68%	

WESTFALL LOCAL SCHOOL DISTRICT SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	\$ 	\$ 	\$ 	\$
Contribution Deficiency (Excess)	\$ -	\$ 	\$ -	\$
Covered Payroll	\$ 6,840,536	\$ 6,695,150	\$ 6,551,233	\$ 6,312,936
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

2015	2014	2013		2012	2011	2010		
\$ -	\$ 34,542	\$	34,807	\$ 34,895	\$ 15,443	\$	15,350	
\$ 	\$ 34,542	\$	34,807	\$ 34,895	\$ 15,443	\$	15,350	
\$ 	\$ 	\$	-	\$ 	\$ -	\$	-	
\$ 6,203,811	\$ 6,214,473	\$	6,088,457	\$ 6,194,515	\$ 5,703,585	\$	5,750,585	
0.00%	0.56%		0.57%	0.56%	0.27%		0.27%	

WESTFALL LOCAL SCHOOL DISTRICT PICKAWAY COUNTY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 – NET PENSION LIABILITY

School Employees Retirement System

Changes in benefit terms:

Fiscal year 2019 With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

Fiscal year 2018 The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in assumptions:

Fiscal year 2017 The SERS Board adopted several assumption changes, including changes to:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - o RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - o RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disable member was updated to the following:
 - o 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.

WESTFALL LOCAL SCHOOL DISTRICT PICKAWAY COUNTY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 – NET PENSION LIABILITY – (continued)

State Teachers Retirement System

Changes in benefit terms:

Fiscal year 2018 The cost-of-living adjustment was reduced to zero.

Changes in assumptions:

Fiscal year 2018 The STRS Board adopted several assumption changes, including changes to:

- Inflation assumption lowered from 2.75% to 2.50%;
- Investment return assumption lowered from 7.75% to 7.45%;
- Total salary increases rates lowered by decreasing merit component of the individual salary increases, as well as by 0.25% due to lower inflation;
- Payroll growth assumption lowered to 3.00%;
- Updated the healthy and disabled mortality assumption to the "RP-2014" mortality tables with generational improvement scale MP-2016; and
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

NOTE 2 – NET OPEB LIABILITY/ASSET

School Employees Retirement System

Changes in benefit terms: There have been no changes to the benefit provisions.

Changes in Assumptions:

Fiscal year 2019 The discount rate used to measure the total OPEB liability was increased from 3.63% to 3.70% and the municipal bond rate was increased from 3.56% to 3.62%.

Fiscal year 2018 The discount rate used to measure the total OPEB liability was increased from 2.98% to 3.63% and the municipal bond rate was increased from 2.92% to 3.56%.

WESTFALL LOCAL SCHOOL DISTRICT PICKAWAY COUNTY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 – NET OPEB LIABILITY/ASSET – (continued)

State Teachers Retirement System

Changes in benefit terms: There have been no changes to the benefit provisions.

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

Changes in Assumptions:

- Fiscal year 2019 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.
- Fiscal year 2018 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)" and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.



WESTFALL LOCAL SCHOOL DISTRICT PICKAWAY COUNTY, OHIO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PASS T	AL GRANTOR/ HROUGH GRANTOR/ AM/CLUSTER TITLE	FEDERAL CFDA NUMBER	(C) PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	(A) TOTAL FEDERAL EXPENDITURES
U.S. DE	PARTMENT OF AGRICULTURE			
	Through the Ohio Department of Education			
	Child Nutrition Cluster:			
(D)	School Breakfast Program	10.553	2019	\$ 92,562
(D)	National School Lunch Program	10.555	2019	259,951
(E)	National School Lunch Program - Food Donation	10.555	2019	40,660
	Total National School Lunch Program:			300,611
	Total U.S. Department of Agriculture and Child Nutrition Cluster:			393,173
U.S. DE	PARTMENT OF EDUCATION			
Passed T	Through the Ohio Department of Education			
	Title I Grants to Local Educational Agencies	84.010	2018	44,602
	Title I Grants to Local Educational Agencies	84.010	2019	189,927
	Title I Grants to Local Educational Agencies - School Improvement	84.010	2018	15,875
	Title I Grants to Local Educational Agencies - School Improvement	84.010	2019	52,192
	Total Title I Grants to Local Educational Agencies:			302,596
	Special Education Cluster (IDEA):			
	Special Education-Grants to States	84.027	2018	51,245
	Special Education-Grants to States	84.027	2019	295,589
	Special Education-Grants to States - Catastrophic	84.027	2019	3,309
	Total Special Education-Grants to States:			350,143
	Special Education-Preschool Grants	84.173	2019	5,440
	Total Special Education Cluster (IDEA):			355,583
	Supporting Effective Instruction State Grants	84.367	2018	21,619
	Supporting Effective Instruction State Grants	84.367	2019	53,390
	Total Supporting Effective Instruction State Grants:			75,009
	Student Support and Academic Enrichment Program	84.424	2019	10,000
	Total U.S. Department of Education:			743,188
	Total Federal Expenditures:			\$ 1,136,361

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) This schedule includes the federal award activity of the Westfall Local School District under programs of the federal government for the fiscal year ended June 30, 2019 and is prepared in accordance with the cash basis of accounting. 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 Westfall Local School District, it is not intended to and does not present the financial position or changes in net position of the Westfall Local School District.
- (B) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The School District has not elected to use the 10% de minimis indirect cost rate.
- (C) OAKS did not assign pass-through numbers for fiscal year 2019.
- (D) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) The Food Donation program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Westfall Local School District Pickaway County 19463 Pherson Pike Williamsport, Ohio 43164

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westfall Local School District, Pickaway County, Ohio, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Westfall Local School District's basic financial statements and have issued our report thereon dated January 17, 2020, wherein we noted as discussed in Note 22, prior period restatements were required to record capital assets that were expensed in prior years and were uncovered during a physical inventory count performed by the valuation company and to reclassify amounts reported as transfers in the prior fiscal year as interfund receivables and payables.

Internal Control Over Financial Reporting

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

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

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

Westfall Local School District Pickaway County Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Sube, Elne.



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Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Westfall Local School District Pickaway County 19463 Pherson Pike Williamsport, Ohio 43164

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Westfall Local School 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 Westfall Local School District's major federal program for the fiscal year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Westfall Local School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Westfall Local School District
Pickaway County
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
Page 2

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Julian & Grube, Inc. January 17, 2020

Julian & Sube, the.

WESTFALL LOCAL SCHOOL DISTRICT PICKAWAY COUNTY, OHIO

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 control weaknesses 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 internal control weaknesses 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 Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Program (listed):	Special Education Cluster (IDEA)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None





WESTFALL LOCAL SCHOOL DISTRICT

PICKAWAY 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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED MARCH 3, 2020