FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2019

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 19 to the financial statements, during fiscal year 2019, the District restated beginning balance of net position in the Governmental Activities and beginning fund balances in the General fund, Bond Retirement fund and Other Governmental funds. These restatements were the result of the District owing a property tax refund related to a prior fiscal year. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the 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 March 26, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

March 26, 2020

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The discussion and analysis of the Fremont City School District's (the "School District") financial performance provides an overall review 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 performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- Net position increased $4,246,179, which represents a 13.5 percent increase from 2018's restated net position
- Capital assets increased $11,016,268 during fiscal year 2019.
- During the fiscal year, outstanding debt decreased from $73,781,750 to $72,594,318.

Using this Annual Report

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund, bond retirement fund and classroom facilities fund are the School District's major funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting 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.

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement fund and classroom facilities capital project fund.

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

Proprietary Funds The School District maintains a proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses its internal service fund to account for its healthcare costs. Because this service predominantly benefits governmental functions, they have been included within governmental activities in the government-wide statements.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in the agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. The net position at June 30, 2018 has been restated as described in Note 19 of the notes to the basic financial statements. Table 1 provides a summary of the School District's net position for fiscal year 2019 compared to fiscal year 2018:

Table 1
Net Position

	Governmental Activities		
	2019	Restated 2018	Change
Assets			
Current and Other Assets	$ 151,163,763	$ 159,487,058	$ (8,323,295)
Net OPEB Asset	2,827,330	0	2,827,330
Capital Assets	41,845,439	30,829,171	11,016,268
Total Assets	195,836,532	190,316,229	5,520,303
Deferred Outflows of Resources			
Deferred Charges on Refunding	1,064,295	1,173,384	(109,089)
Pension & OPEB	14,698,683	19,090,959	(4,392,276)
Total Deferred Outflows of Resources	15,762,978	20,264,343	(4,501,365)
Liabilities			
Current and Other Liabilities	11,344,494	7,928,164	3,416,330
Long-Term Liabilities:			
Due Within One Year	1,753,911	1,807,523	(53,612)
Due in More Than One Year:			
Pension & OPEB	53,498,024	65,885,088	(12,387,064)
Other Amounts	81,199,019	82,384,762	(1,185,743)
Total Liabilities	147,795,448	158,005,537	(10,210,089)
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	14,493,628	13,202,332	1,291,296
Property Tax Refund	4,131,375	4,131,375	0
Pension & OPEB	9,540,982	3,849,430	5,691,552
Total Deferred Inflows of Resources	28,165,985	21,183,137	6,982,848
Net Position			
Net Investment in Capital Assets	19,104,461	14,766,473	4,337,988
Restricted	60,534,242	63,746,738	(3,212,496)
Unrestricted (deficit)	(44,000,626)	(47,121,313)	3,120,687
Total Net Position	$ 35,638,077	$ 31,391,898	$ 4,246,179

The net pension liability (NPL) is the single largest liability reported by the School District at June 30, 2019, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.* In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2019 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

At year end, capital assets represented 21 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings, equipment and vehicles. Net investment in capital assets was $19,104,461 at June 30, 2019. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, $60,534,242 represents resources that are subject to external restrictions on how they may be used. The majority of restricted net position is primarily due to the Ohio Facilities Construction Commission project award described below. The balance of government-wide unrestricted net position was a deficit of $44,000,626, primarily caused by pension and OPEB accruals.

In fiscal year 2018 the School District entered into an Ohio Facilities Construction Commission (OFCC) project to build new schools. The School District issued general obligation bonds in a prior year, with unspent proceeds being reported as equity in pooled cash and investments. Construction on this project began in fiscal year 2018 and is ongoing. This activity resulted in increases to construction in progress and contracts payable in the fiscal year. Unspent proceeds, will continue to decrease as the project progresses.

Current and other liabilities increased due to contracts payable related to OFCC project.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2019 and 2018.

Table 2
Changes in Net Position

	Governmental Activities		
	2019	2018	Variance
Revenues			
Program Revenues:			
Charges for Services	$ 1,373,959	$ 1,711,289	$ (337,330)
Operating Grants	6,269,968	6,751,520	(481,552)
Capital Grants	143,594	88,056	55,538
Total Program Revenues	7,787,521	8,550,865	(763,344)
General Revenues:			
Property Taxes	16,276,930	16,067,955	208,975
Income Taxes	8,490,226	8,218,792	271,434
Grants and Entitlements Not Restricted	19,056,861	18,325,754	731,107
Grants and Entitlements Restricted	0	52,493,983	(52,493,983)
Payments in Lieu of Taxes	19,600	19,600	0
Other	2,210,956	1,085,560	1,125,396
Total General Revenues	46,054,573	96,211,644	(50,157,071)
Total Revenues	53,842,094	104,762,509	(50,920,415)
Program Expenses			
Instruction:			
Regular	19,902,286	9,494,307	10,407,979
Special	6,045,768	3,846,930	2,198,838
Vocational	40,285	66,815	(26,530)
Student Intervention Services	65,674	58,690	6,984
Other	64,908	(122,194)	187,102
Support Services:			
Pupils	3,119,472	1,661,547	1,457,925
Instructional Staff	1,439,541	897,662	541,879
Board of Education	45,370	32,735	12,635
Administration	3,587,035	1,940,034	1,647,001
Fiscal	1,022,062	971,712	50,350
Business	169,666	140,010	29,656
Operation and Maintenance of Plant	4,271,391	3,909,880	361,511
Pupil Transportation	2,040,902	1,804,538	236,364
Central	979,425	631,110	348,315
Operation of Non-Instructional Services:			
Food Service Operations	1,993,403	1,813,828	179,575
Community Services	561,896	298,534	263,362
Extracurricular Activities	1,114,648	652,386	462,262
Debt Service:			
Interest and Fiscal Charges	3,132,183	3,189,383	(57,200)
Total Expenses	49,595,915	31,287,907	18,308,008
Increase (Decrease) in Net Position	4,246,179	73,474,602	(69,228,423)
Net Position (deficit) at Beginning of Year (Restated)	31,391,898	N/A	N/A
Net Position (deficit) at End of Year	$ 35,638,077	$ 31,391,898	$ 4,246,179

The decrease in grants and entitlements restricted is due to the Ohio Facilities Construction Commission grant awarded to the School District during fiscal year 2018 as all revenue associated with this grant was recorded in the year awarded. The increase in other revenue is due to an increase in investment earnings from market fluctuations.

In November 2019 the Ohio Department of Taxation determined a tax reassessment to be in favor of American Municipal Power. This dates back to tax receipts from fiscal year 2014. The School District is expected to owe approximately $4,131,375 in a property tax refund. Beginning balance of net position in Governmental Activities and beginning fund balances in the General fund, Bond Retirement fund and Other Governmental funds have been restated for this refund.

Overall, program expenses increased significantly. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2019	2018	2019	2018
Instruction:				
Regular	$ 19,902,286	$ 9,494,307	$ 18,613,275	$ 7,856,248
Special	6,045,768	3,846,930	3,221,648	957,307
Vocational	40,285	66,815	(5,304)	32,350
Student Intervention Services	65,674	58,690	65,674	58,690
Other	64,908	(122,194)	(36,638)	(212,801)
Support Services:				
Pupils	3,119,472	1,661,547	2,960,209	1,391,654
Instructional Staff	1,439,541	897,662	1,059,391	408,595
Board of Education	45,370	32,735	32,923	32,735
Administration	3,587,035	1,940,034	3,456,376	1,760,994
Fiscal	1,022,062	971,712	999,262	957,035
Business	169,666	140,010	169,666	140,010
Operation and Maintenance of Plant	4,271,391	3,909,880	4,230,461	3,861,509
Pupil Transportation	2,040,902	1,804,538	1,877,796	1,636,648
Central	979,425	631,110	931,506	508,334
Operation of Non-Instructional Services:				
Food Service Operations	1,993,403	1,813,828	118,504	(7,300)
Community Services	561,896	298,534	78,943	(210,147)
Extracurricular Activities	1,114,648	652,386	902,519	375,798
Debt Service:				
Interest and Fiscal Charges	3,132,183	3,189,383	3,132,183	3,189,383
Total Expenses	$ 49,595,915	$ 31,287,907	$ 41,808,394	$ 22,737,042

The dependence upon general revenues for governmental activities is apparent. Over 84% of governmental activities are supported through taxes and other general revenues; such revenues are 86% of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

These funds are accounted for using the modified accrual basis of accounting. The net change in fund balances for the fiscal year was a decrease of $7,488,416 for all governmental funds with the most significant decrease in the classroom facilities fund.

The general fund's net change in fund balance for fiscal year 2019 was a decrease of $1,562,427. The majority of this decrease is due to an increase in wages and benefits in instruction and support services expenses.

The bond retirement fund's net change in fund balance for fiscal year 2019 was a decrease of $1,764,397. This decrease is primarily due by the timing of property tax and other revenues and debt service payments due. In addition, the fund recognized a $422,640 deferred inflow for a property tax refund.

The classroom facilities fund's net change in fund balance for fiscal year 2019 was a decrease of $3,374,271. This was primarily caused by the timing of expenditures for ongoing projects as compared to the drawdown of OFCC funds.

General Fund Budgeting Highlights

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

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

Actual budget basis revenue of $42,496,736 was higher than the final budgeted revenue of $41,713,965. Most of this difference is due to an underestimation of property taxes and intergovernmental revenues.

Final appropriations of $45,812,324 were higher than the actual budget basis expenditures of $44,359,761, as cost savings were recognized for student support services throughout the year.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2019 balances compared with 2018.

Table 4
Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	$ 673,343	$ 409,270
Construction in Progress	12,039,709	763,445
Land Improvements	408,400	479,764
Buildings	27,431,740	27,767,668
Equipment	874,619	944,033
Vehicles	417,628	464,991
Totals	$ 41,845,439	$ 30,829,171

The $11,016,268 increase in capital assets was primarily attributable to additions to construction in progress for the construction of new school buildings. See Note 9 for more information about the capital assets of the School District.

Debt

Table 5 summarizes bonds outstanding. See Note 14 for additional details.

Table 5
Outstanding Debt at June 30

	Governmental Activities	
	2019	2018
General Obligation Bonds:		
Various Serial/Term Bonds	$ 72,110,000	$ 73,395,000
Various Capital Appreciation Bonds	239,935	239,935
Accretion on Capital Appreciation Bonds	244,383	146,815
Totals	$ 72,594,318	$ 73,781,750

Current Issues

The School District has continued to maintain the highest standards of service to our students, parents and community. The School District is always presented with challenges and opportunities. Recent state and national events and their impact on the School District and the surrounding area are very much under review and analysis. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its five year forecast.

The financial future of the School District is not without its challenges, both internal and external in nature. Challenges will continue to exist as the School District must rely heavily on local property taxes to fund operations. Thus management must diligently budget expenses from this growth, staying carefully within its five-year forecast.

As a result of the challenges mentioned above, it is imperative that the School District's management continue to carefully and prudently plan to provide the resources required to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ira Hamman of Fremont City School District, 500 W. State Street, Suite A, Fremont, Ohio 43420 treasurer@fremontschools.net.

Fremont City School District
Sandusky County, Ohio
Statement of Net Position
June 30, 2019

		Governmental Activities
Assets		
Equity in Pooled Cash and Investments	$	79,387,552
Cash and Cash Equivalents in Segregated Accounts		5,244,222
Receivables:		
Intergovernmental		45,688,842
Income Taxes		3,718,823
Property Taxes		17,114,384
Notes		9,940
Net OPEB Asset		2,827,330
Nondepreciable Capital Assets		12,713,052
Depreciable Capital Assets (Net)		29,132,387
Total Assets		195,836,532
Deferred Outflows of Resources		
Deferred Charges on Refunding		1,064,295
Pension		13,804,571
OPEB		894,112
Total Deferred Outflows of Resources		15,762,978
Liabilities		
Accounts Payable		292,699
Accrued Wages and Benefits		3,066,793
Contracts Payable		5,190,408
Intergovernmental Payable		963,278
Accrued Interest Payable		1,419,826
Claims Payable		411,490
Long Term Liabilities:		
Due Within One Year		1,753,911
Due in More Than One Year:		
Net Pension Liability		48,618,893
Net OPEB Liability		4,879,131
Other Amounts		81,199,019
Total Liabilities		147,795,448
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year		14,493,628
Property Tax Refund		4,131,375
Pension		4,440,217
OPEB		5,100,765
Total Deferred Inflows of Resources		28,165,985
Net Position		
Net Investment in Capital Assets		19,104,461
Restricted For:		
Capital Outlay		57,210,828
Capital Facilities Maintenance		2,772,831
Other Purposes		550,583
Unrestricted (deficit)		(44,000,626)
Total Net Position	$	35,638,077

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$ 19,902,286	$ 725,147	$ 507,370	$ 56,494	$ (18,613,275)
Special	6,045,768	31,924	2,792,196	0	(3,221,648)
Vocational	40,285	0	45,589	0	5,304
Student Intervention Services	65,674	0	0	0	(65,674)
Other	64,908	0	101,546	0	36,638
Support Services:					
Pupils	3,119,472	856	158,407	0	(2,960,209)
Instructional Staff	1,439,541	12,865	367,285	0	(1,059,391)
Board of Education	45,370	167	12,280	0	(32,923)
Administration	3,587,035	17,272	113,387	0	(3,456,376)
Fiscal	1,022,062	0	8,266	14,534	(999,262)
Business	169,666	0	0	0	(169,666)
Operation and Maintenance of Plant	4,271,391	7,844	16,787	16,299	(4,230,461)
Pupil Transportation	2,040,902	423	109,609	53,074	(1,877,796)
Central	979,425	31,719	16,200	0	(931,506)
Operation of Non-Instructional Services:					
Food Service Operations	1,993,403	336,952	1,537,947	0	(118,504)
Community Services	561,896	0	482,953	0	(78,943)
Extracurricular Activities	1,114,648	208,790	146	3,193	(902,519)
Debt Service:					
Interest and Fiscal Charges	3,132,183	0	0	0	(3,132,183)
Total	$ 49,595,915	$ 1,373,959	$ 6,269,968	$ 143,594	(41,808,394)

General Revenues	
Property Taxes Levied for:	
General Purposes	11,836,257
Debt Service	3,734,097
Capital Outlay	397,237
Classroom Facilities Maintenance	309,339
Income Taxes Levied for:	
General Purposes	8,490,226
Grants and Entitlements Not Restricted to Specific Programs	19,056,861
Payments in Lieu of Taxes	19,600
Gain on Sale of Capital Assets	1,450
Investment Earnings	2,138,532
Miscellaneous	70,974
Total General Revenues	46,054,573
Change in Net Position	4,246,179
Net Position Beginning of Year - Restated, See Note 19	31,391,898
Net Position End of Year	$ 35,638,077

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	$ 7,394,241	$ 4,805,321	$ 52,873,078	$ 13,206,244	$ 78,278,884
Cash and Cash Equivalents in Segregated Accounts	0	696,132	4,428,997	119,093	5,244,222
Receivables:					
Intergovernmental	108,224	0	45,196,143	255,031	45,559,398
Income Taxes	3,718,823	0	0	0	3,718,823
Property Taxes	12,415,969	3,978,504	0	719,911	17,114,384
Notes	0	0	0	9,940	9,940
Total Assets	$ 23,637,257	$ 9,479,957	$ 102,498,218	$ 14,310,219	$ 149,925,651
Liabilities					
Accounts Payable	$ 236,557	$ 0	$ 0	$ 56,142	$ 292,699
Accrued Wages and Benefits	2,889,542	0	0	177,251	3,066,793
Contracts Payable	0	0	4,924,119	266,289	5,190,408
Intergovernmental Payable	873,559	0	0	89,719	963,278
Total Liabilities	3,999,658	0	4,924,119	589,401	9,513,178
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	10,479,692	3,358,054	0	655,882	14,493,628
Property Tax Refund	3,559,180	422,640	0	149,555	4,131,375
Unavailable Revenue	1,082,858	117,886	39,097,576	153,794	40,452,114
Total Deferred Inflows of Resources	15,121,730	3,898,580	39,097,576	959,231	59,077,117
Fund Balances					
Nonspendable	6,538	0	0	0	6,538
Restricted	0	5,581,377	58,476,523	12,840,505	76,898,405
Committed	128,378	0	0	0	128,378
Assigned	2,937,028	0	0	0	2,937,028
Unassigned (deficit)	1,443,925	0	0	(78,918)	1,365,007
Total Fund Balances	4,515,869	5,581,377	58,476,523	12,761,587	81,335,356
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 23,637,257	$ 9,479,957	$ 102,498,218	$ 14,310,219	$ 149,925,651

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Fund Balances		$ 81,335,356
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.		41,845,439
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	$ 39,347,428	
Income Taxes	606,738	
Property Taxes	497,948	40,452,114
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		826,622
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(1,419,826)
The net pension liability and OPEB asset/liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	2,827,330	
Deferred Outflows - Pension	13,804,571	
Deferred Outflows - OPEB	894,112	
Net Pension Liability	(48,618,893)	
Net OPEB Liability	(4,879,131)	
Deferred Inflows - Pension	(4,440,217)	
Deferred Inflows - OPEB	(5,100,765)	(45,512,993)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(72,110,000)	
Capital Appreciation Bonds	(239,935)	
Accretion of Interest - Capital Appreciation Bonds	(244,383)	
Bond Premium	(5,950,271)	
Unamortized Gain on Refunding - Deferred charges	1,064,295	
Compensated Absences	(4,408,341)	(81,888,635)
Net Position of Governmental Activities		$ 35,638,077

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	$ 11,766,887	$ 3,710,866	$ 0	$ 704,580	$ 16,182,333
Income Taxes	8,469,958	0	0	0	8,469,958
Intergovernmental	20,526,122	217,226	6,098,567	4,958,776	31,800,691
Investment Income	726,886	18,973	1,392,673	59,697	2,198,229
Tuition and Fees	783,174	0	0	0	783,174
Extracurricular Activities	58,455	0	0	215,512	273,967
Rentals	21,337	0	0	0	21,337
Payments in Lieu of Taxes	19,600	0	0	0	19,600
Charges for Services	46,686	0	0	338,003	384,689
Contributions and Donations	6,915	0	0	184	7,099
Miscellaneous	56,885	0	0	14,089	70,974
Total Revenues	42,482,905	3,947,065	7,491,240	6,290,841	60,212,051
Expenditures					
Current:					
Instruction:					
Regular	21,644,234	0	0	668,246	22,312,480
Special	5,394,465	0	0	1,298,170	6,692,635
Vocational	31,529	0	0	0	31,529
Student Intervention Services	65,674	0	0	0	65,674
Other	0	0	0	116,074	116,074
Support Services:					
Pupils	3,315,643	0	0	206,190	3,521,833
Instructional Staff	1,160,834	0	0	426,305	1,587,139
Board of Education	45,370	0	0	0	45,370
Administration	3,800,955	0	0	163,580	3,964,535
Fiscal	932,258	84,501	0	26,163	1,042,922
Business	166,698	0	0	0	166,698
Operation and Maintenance of Plant	3,702,472	0	0	93,202	3,795,674
Pupil Transportation	1,906,219	0	0	71,213	1,977,432
Central	997,149	0	0	16,200	1,013,349
Extracurricular Activities	882,320	0	0	221,467	1,103,787
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,933,302	1,933,302
Community Services	907	0	0	606,681	607,588
Capital Outlay	55	0	10,865,511	1,231,369	12,096,935
Debt Service:					
Principal Retirement	0	1,285,000	0	0	1,285,000
Interest and Fiscal Charges	0	4,341,961	0	0	4,341,961
Total Expenditures	44,046,782	5,711,462	10,865,511	7,078,162	67,701,917
Excess of Revenues Over (Under) Expenditures	(1,563,877)	(1,764,397)	(3,374,271)	(787,321)	(7,489,866)
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	1,450	0	0	0	1,450
Net Change in Fund Balance	(1,562,427)	(1,764,397)	(3,374,271)	(787,321)	(7,488,416)
Fund Balances Beginning of Year - Restated, See Note 19	6,078,296	7,345,774	61,850,794	13,548,908	88,823,772
Fund Balances End of Year	$ 4,515,869	$ 5,581,377	$ 58,476,523	$ 12,761,587	$ 81,335,356

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds		$ (7,488,416)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 11,889,332	
Current Year Depreciation	(873,064)	11,016,268
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(6,486,469)	
Income Taxes	20,268	
Property Taxes	94,794	(6,371,407)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds		1,285,000
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	1,125,181	
Amortization of Premium on Bonds	291,254	
Amortization of Refunding Loss	(109,089)	1,307,346
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,618,899	
OPEB	135,147	3,754,046
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(4,572,848)	
OPEB	5,949,368	1,376,520
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(296,279)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		(239,331)
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		(97,568)
Change in Net Position of Governmental Activities		$ 4,246,179

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Bases) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 41,713,965	$ 41,713,965	$ 42,496,736	$ 782,771
Expenditures and Other Financing Uses	45,240,225	45,812,324	44,359,761	1,452,563
Net Change in Fund Balance	(3,526,260)	(4,098,359)	(1,863,025)	2,235,334
Fund Balance Beginning of Year	7,983,091	7,983,091	7,983,091	0
Prior Year Encumbrances Appropriated	305,661	305,661	305,661	0
Fund Balance End of Year	$ 4,762,492	$ 4,190,393	$ 6,425,727	$ 2,235,334

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

		Governmental Activities - Internal Service Fund
Assets		
Equity in Pooled Cash and Investments	$	1,108,668
Intergovernmental Receivable		129,444
Total Assets		1,238,112
Liabilities		
Claims Payable		411,490
Net Position		
Unrestricted	$	826,622

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	$ 5,598,316
Other	119,844
Total Operating Revenues	5,718,160
Operating Expenses	
Purchased Services	909,102
Claims	5,105,337
Total Operating Expenses	6,014,439
Operating Income (Loss)	(296,279)
Net Position Beginning of Year	1,122,901
Net Position End of Year	$ 826,622

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received for Charges for Services	$ 5,559,703
Cash Received from Other Operating Sources	119,844
Cash Payments to Suppliers for Goods and Services	(909,102)
Cash Payments for Claims	(4,829,785)
Net Cash Provided By (Used For) Operating Activities	(59,340)
Net Increase (Decrease) in Cash and Investments	(59,340)
Cash and Investments, Beginning of Year	1,168,008
Cash and Investments, End of Year	$ 1,108,668
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	$ (296,279)
(Increase) Decrease Assets:	
Intergovernmental Receivable	(38,613)
Increase (Decrease) in Liabilities:	
Claims Payable	275,552
Total Adjustments	236,939
Net Cash Provided By (Used For) Operating Activities	$ (59,340)

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 77,008	$ 146,784
Cash and Cash Equivalents with Segregated Accounts	262,344	35,469
Total Assets	339,352	$ 182,253
Liabilities		
Undistributed Monies	0	$ 66,913
Due to Students	0	115,340
Total Liabilities	0	$ 182,253
Net Position		
Held in Trust for Scholarships	$ 339,352	

See accompanying notes to the basic financial statements.

Fremont City School District
Sandusky County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
Additions	
Gifts and Contributions	$ 3,926
Interest	1,508
Miscellaneous	311
Total Additions	5,745
Deductions	
Payments in Accordance with Trust Agreements	4,950
Change in Net Position	795
Net Position Beginning of Year	338,557
Net Position End of Year	$ 339,352

See accompanying notes to the basic financial statements.

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

Fremont City School District (the “School District”) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. 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 state statute and federal guidelines.

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of approximately one hundred sixty-two square miles. It is located in central Sandusky County, including all of the City of Fremont and portions of surrounding townships. It is staffed by 171 classified employees, 259 certified teaching personnel, including 41 administrative employees who provide services to students and other community members. The School District currently operates seven elementary schools, a middle school, and a comprehensive high school.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, agencies and offices that are not legally separate from the School District. For Fremont City 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 provides 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. There are no component units of the Fremont City School District.

The following activity is included within the School District’s reporting entity:

> Parochial Schools **-** Within the School District boundaries, Bishop Hoffman Catholic Schools are operated through the Toledo Catholic Diocese. Current state legislation provides funding to these parochial schools. The monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes by the School District.

The School District participates in three jointly governed organizations. These organizations are the Northern Ohio Educational Computer Association, the Vanguard-Sentinel Career Center and the Ohio Schools Council. These organizations are presented in Note 16 to the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

Fund Accounting

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

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

General Fund **-** The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund **-** The bond retirement fund is used to account for the accumulation of property tax revenues restricted for the payment of the general obligation bonds used for the construction and improvements of school buildings and facilities.

Classroom Facilities Fund **-** The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund **-** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The School District reports one type of proprietary fund:

Internal Service Fund **-** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's Self Insurance internal service fund accounts for the activities of the program for employee health care benefits and workers' compensation.

Fiduciary Funds **-** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the School District's own programs. The School District's private purpose trust funds account for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various staff-managed and student- managed activities, a flex spending account, and for money temporarily held for Ohio High School Athletic Association (OHSAA) tournaments.

Measurement Focus

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

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

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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 statements fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, and in the presentation of expenses versus expenditures.

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 until that time. For the School District, deferred inflows of resources include property taxes, property tax refund, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. On January 15, 2014, American Municipal Power, Inc (a public utility company) filed a petition for a reassessment of public utility property tax values with the Ohio Department of Taxation for the Return Year 2013. Sandusky County and the School District have estimated a repayment of taxes in the amount of $4,131,375 based on a claim awarded in the favor or American Municipal Power, Inc. This amount is recorded as a property tax refund deferred inflow in the accompanying 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 may include delinquent property taxes, income taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. 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).

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

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and 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. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. 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 fiscal year.

Cash and Investments

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

During the fiscal year investments were limited to negotiable certificates of deposit, instruments of government sponsored mortgage-backed securities, U.S. Treasury bonds and money markets.

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

For the 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 $50 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.

All interest is legally required to be placed in the general fund, and other funds as approved by a Board resolution. Interest revenue credited to the general fund during fiscal year 2019 amount to $726,886, which includes $428,046 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They 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 value as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

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
Land Improvements	5 - 7 Years
Buildings	5 - 75 Years
Equipment	3 - 25 Years
Vehicles	4 - 15 Years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable 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 termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent 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 who have accumulated unpaid leave are paid.

Pensions and Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement 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. At June 30, 2019, none of the School District’s net position was restricted for enabling legislation.

The School District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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- fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long- term amount of loans receivable, unless the use of the proceeds from the collection of those receivables is restricted, committed, or assigned.

Restricted- fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. 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- 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- fund balance classifications 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. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. 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 or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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.

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.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services in the internal service fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary fund.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2019, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the School District.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the School District.

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NOTE 3: FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The constraints placed on the fund balance for the major governmental funds and all the other governmental funds are presented below:

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total
Nonspendable for:					
Unclaimed Monies	$ 6,538	$ 0	$ 0	$ 0	$ 6,538
Restricted for:					
Food Service	0	0	0	20,652	20,652
Athletics and Music	0	0	0	302,688	302,688
Facilities Maintenance	0	0	0	2,772,831	2,772,831
Scholarships and Awards	0	0	0	178,821	178,821
Parochial Schools	0	0	0	5,243	5,243
Debt Service	0	5,581,377	0	0	5,581,377
Capital Improvements	0	0	58,476,523	9,504,506	67,981,029
Other Purposes	0	0	0	55,764	55,764
Total Restricted	0	5,581,377	58,476,523	12,840,505	76,898,405
Committed to:					
Underground Storage Tanks	11,000	0	0	0	11,000
Capital Improvements	117,378	0	0	0	117,378
Total Committed	128,378	0	0	0	128,378
Assigned for:					
Public School Support	499,649	0	0	0	499,649
Encumbrances:					
Instruction	93,698	0	0	0	93,698
Support Services	139,876	0	0	0	139,876
Extracurricular	5,139	0	0	0	5,139
Subsequent Year Appropriations	2,198,666	0	0	0	2,198,666
Total Assigned	2,937,028	0	0	0	2,937,028
Unassigned (deficit)	1,443,925	0	0	(78,918) *	1,365,007
Total Fund Balance	$ 4,515,869	$ 5,581,377	$ 58,476,523	$ 12,761,587	$ 81,335,356

*At June 30, 2019 the Title VI-B, Title I, Title VI-R and miscellaneous federal grant funds had a deficit fund balance of $5,272, $41,725, $3,266 and $28,655 respectively. The deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in these nonmajor governmental funds and provides transfers when cash is required, not when accruals occur.

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

GAAP Basis	$	(1,562,427)
Net Adjustment for Revenue Accruals		186,979
Net Adjustment for Expenditure Accruals		(34,199)
Funds Budgeted Elsewhere		(24,705)
Adjustment for Encumbrances		(428,673)
Budget Basis	$	(1,863,025)

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes rotary fund-special services, internal services rotary, unclaimed funds, underground storage tanks and public school support funds.

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements for a period not to exceed thirty days in 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;

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

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

6. The State Treasurer's investment pool (STAR Ohio);

7. Commercial paper notes, limited to 40 percent (5 percent for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed 270 days; and

8. Bankers' acceptances, limited to 40 percent of the interim monies available for investment at any one time and for a period not to exceed 180 days.

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

Deposits - At year-end, $4,334,430 of the School District's bank balance of $4,834,430 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

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

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required 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.

Segregated Cash - The School District has accounts for an OFCC project, a special trust and an endowment private purpose trust. The carrying amount of these deposits are reported as "Cash and Cash Equivalents in Segregated Accounts."

Investments

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

		Measurement	Investment Maturities (in years)			% Total
Rating	Investment	Amount	Less than 1	1 - 3	Over 3	Investments
	Net Asset Value:					
AAAm	STAR Ohio	$ 31,512,386	$ 31,512,386	$ 0	$ 0	39.1%
	Fair Value:					
N/A	Negotiable Certificates of Deposit	12,553,959	9,315,259	2,839,036	399,664	15.6%
N/A	Money Market	6,254,980	6,254,980	0	0	7.8%
AA+	U.S. Treasury Bonds	13,972,680	11,979,320	1,993,360	0	17.3%
AA+	Federal Farm Credit	2,049,798	0	1,278,775	771,023	2.5%
AA+	Federal Home Loan Bank Notes	8,184,608	5,491,594	1,440,526	1,252,488	10.2%
AA+	Federal Home Loan Mortgage	4,395,030	0	2,564,664	1,830,366	5.5%
AA+	Federal National Mortgage Association	1,645,843	1,362,820	0	283,023	2.0%
	Totals	$ 80,569,284	$ 65,916,359	$ 10,116,361	$ 4,536,564	100.0%

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

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

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2019, is 53 days.

Credit Risk The School District's investments at June 30, 2019 are rated as shown above by S&P Global Ratings. Federal money markets are exempt from ratings since they are explicitly guaranteed by a U.S. Government Agency. The School District's policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

Concentration of Credit Risk The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

NOTE 6: RECEIVABLES

Receivables at June 30, 2019 consisted of intergovernmental, income taxes, property taxes, and notes. 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.

NOTE 7: INCOME TAXES

The School District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was renewed on January 1, 2019 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

NOTE 8: PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.
Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Real

property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Sandusky 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 560,299,660	89.20%	$ 572,308,600	89.14%
Public Utility Personal Property	67,837,500	10.80%	69,721,620	10.86%
	$ 628,137,160	100.00%	$ 642,030,220	100.00%
Tax rate per $1,000 assessed valuation	$ 39.98		$ 39.98	

On May 2, 2017, a new levy was passed for 4.63 mills for the purpose of the School District constructing and renovating school facilities. The levy will be collected throughout the 37 year life of the bonds that the School District issued for the improvements.

NOTE 9: CAPITAL ASSETS

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

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 409,270	$ 264,073	$ 0	$ 673,343
Construction In Progress	763,445	11,276,264	0	12,039,709
Total Capital Assets, not being depreciated	1,172,715	11,540,337	0	12,713,052
Capital Assets, being depreciated:				
Land Improvements	1,024,471	0	0	1,024,471
Buildings	37,654,737	194,796	0	37,849,533
Equipment	2,515,424	93,848	0	2,609,272
Vehicles	3,041,295	60,351	0	3,101,646
Total Capital Assets, being depreciated	44,235,927	348,995	0	44,584,922
Less Accumulated Depreciation:				
Land Improvements	(544,707)	(71,364)	0	(616,071)
Buildings	(9,887,069)	(530,724)	0	(10,417,793)
Equipment	(1,571,391)	(163,262)	0	(1,734,653)
Vehicles	(2,576,304)	(107,714)	0	(2,684,018)
Total Accumulated Depreciation	(14,579,471)	(873,064)	0	(15,452,535)
Total Capital Assets being depreciated, net	29,656,456	(524,069)	0	29,132,387
Governmental Activities Capital Assets, net	$ 30,829,171	$ 11,016,268	$ 0	$ 41,845,439

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 370,317
Special	33,711
Vocational	8,756
Support Services:	
Pupil	4,104
Instructional Staff	14,802
Administration	5,679
Operation and Maintenance of Plant	144,399
Pupil Transportation	109,091
Operation of Non-Instructional Services:	
Food Service Operations	63,750
Community Services	1,477
Extracurricular Activities	116,978
Total Depreciation	$ 873,064

NOTE 10: 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. These risks are covered by commercial insurance purchased from independent third parties.

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

The School District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

The School District offers medical, prescription drug, and dental insurance to all employees through a partially self-insured program. All funds of the School District participated in the program and made payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The School District purchased stop loss insurance for claims in excess of $160,000 per individual annually and unlimited per individual, per lifetime.

Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2019 were estimated by the third party administrator at $411,490.

The changes in the claims liability for the past two fiscal years are as follow:

	Balance July 1	Current Year Claims	Claim Payments	Balance June 30
2018	$ 297,005	$ 4,471,274	$ 4,632,341	$ 135,938
2019	$ 135,938	$ 5,105,337	$ 4,829,785	$ 411,490

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.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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.

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

Funding Policy – Plan members are required to contribute 10 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. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2019.

The School District's contractually required contribution to SERS was $791,426 for fiscal year 2019. Of this amount, $296 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. For the DB Plan, from August 1, 2015–July 1, 2017, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2017–July 1, 2019, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through 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. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

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. Effective July 1, 2017, employer contributions of 9.53 percent are placed in the investment accounts and the remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. 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 DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50 and termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $2,827,473 for fiscal year 2019. Of this amount, $450,378 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows/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 independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.17341040%	0.17594956%	
Prior Measurement Date	0.17231160%	0.18406996%	
Change in Proportionate Share	0.00109880%	-0.00812040%	
Proportionate Share of the Net Pension Liability	$ 9,931,535	$ 38,687,358	$ 48,618,893
Pension Expense	$ 757,287	$ 3,815,561	$ 4,572,848

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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	$ 544,684	$ 893,023	$ 1,437,707
Changes of Assumptions	224,275	6,856,130	7,080,405
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	61,523	1,606,037	1,667,560
School District Contributions Subsequent to the Measurement Date	791,426	2,827,473	3,618,899
Total Deferred Outflows of Resources	$ 1,621,908	$ 12,182,663	$ 13,804,571
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 252,652	$ 252,652
Net Difference between Projected and Actual Earnings on Pension Plan Investments	275,169	2,345,955	2,621,124
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	73,825	1,492,616	1,566,441
Total Deferred Inflows of Resources	$ 348,994	$ 4,091,223	$ 4,440,217

$3,618,899 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 fiscal 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	$ 732,134	$ 3,468,718	$ 4,200,852
2021	159,671	2,183,184	2,342,855
2022	(325,926)	405,736	79,810
2023	(84,391)	(793,671)	(878,062)
	$ 481,488	$ 5,263,967	$ 5,745,455

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 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 pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

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

Discount Rate 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 that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings 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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 13,989,316	$ 9,931,535	$ 6,529,357

Actuarial Assumptions - STRS

The total pension liability in the July 1, 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
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

Post-retirement mortality rates are based on 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; pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2018 valuation, were adopted by the board from the results of an actuarial experience study for 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 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 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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 payments 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 as of June 30, 2018, 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 assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 56,497,793	$ 38,687,358	$ 23,613,241

NOTE 12: DEFINED BENEFIT OPEB PLANS

Net OPEB Asset/Liability

The net OPEB asset/liability reported on the statement of net position represents an asset or 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 asset/liability is solely that 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.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was $105,835.

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 $135,147 for fiscal year 2019. Of this amount $105,846 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.17587080%	0.17594956%	
Prior Measurement Date	0.17445470%	0.18406996%	
Change in Proportionate Share	0.00141610%	-0.00812040%	
Proportionate Share of the Net			
OPEB Liability/(Asset)	$ 4,879,131	$ (2,827,330)	$ 2,051,801
OPEB Expense	$ 170,422	$ (6,119,790)	$ (5,949,368)

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	$ 79,644	$ 330,238	$ 409,882
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	44,850	304,233	349,083
School District Contributions Subsequent to the Measurement Date	135,147	0	135,147
Total Deferred Outflows of Resources	$ 259,641	$ 634,471	$ 894,112
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 164,729	$ 164,729
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	7,320	322,999	330,319
Changes of Assumptions	438,352	3,852,462	4,290,814
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	25,529	289,374	314,903
Total Deferred Inflows of Resources	$ 471,201	$ 4,629,564	$ 5,100,765

$135,147 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	$ (184,616)	$ (705,316)	$ (889,932)
2021	(142,187)	(705,316)	(847,503)
2022	(7,830)	(705,318)	(713,148)
2023	(4,714)	(631,961)	(636,675)
2024	(5,221)	(606,228)	(611,449)
Thereafter	(2,139)	(640,954)	(643,093)
	$ (346,707)	$ (3,995,093)	$ (4,341,800)

Actuarial Assumptions - SERS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions used in the valuation are based on results from the most recent actuarial experience study, which covered the five-year period ending June 30, 2015. The experience study report is dated April 2016. The total OPEB liability used the following assumptions and other inputs:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate	
Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.375 percent - 4.75 percent
Pre-Medicare	7.25 percent - 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 long-term expected rate of return on plan 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 long-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:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 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 contribution rate of 2.00 percent of projected covered 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, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 5,920,442	$ 4,879,131	$ 4,054,608

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 3,936,564	$ 4,879,131	$ 6,127,259

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
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
Health Care Cost Trend Rates	-5.23 percent to 9.62 percent, initial, 4.00 percent ultimate

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

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

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

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's 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 health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset/Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset/liability 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/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 assumption. Also shown is the net OPEB asset/liability as of June 30, 2018, calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (2,423,286)	$ (2,827,330)	$ (3,166,909)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (3,147,739)	$ (2,827,330)	$ (2,501,929)

NOTE 13: OTHER EMPLOYEE BENEFITS

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred sixty days for administrators, supervisors, and classified supervisors; two hundred forty-four days for teachers and school calendar employees; and two hundred sixty days for full-time classified employees. Upon retirement, payment is made for one half of accrued, but unused sick leave credit to a maximum of fifty-three days for teachers and thirty-five to seventy days for classified employees, depending on various incentives and years of service. Payment for administrators, supervisors, and classified supervisors is made for one half up to fifty-three days or more with certain incentives.

Health Care Benefits

The School District provides medical, prescription drug, and dental insurance benefits to all employees through a partially self-insured program.

Special Termination Benefits

The School District offers a special termination benefit to employees in the first year they are eligible to retire from their respective retirement system. The benefit is available to certified employees who have five or more years of consecutive service and retire from STRS and to classified employees who have seventeen or more years of consecutive service and retire from SERS. The bonus, of twenty days calculated at the employee’s daily rate at the time of retirement, will be paid after January 1 and before March 31 of the year following retirement for certified employees and within sixty days of retirement acceptance for classified employees. The bonus carries a provision that classified employees must also have accrued in excess of one hundred fifty days of unused sick leave at the time of retirement.

NOTE 14: LONG-TERM OBLIGATIONS

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

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2009A School Facilities					
Serial and Term Bonds	$ 265,000	$ 0	$ (265,000)	$ 0	$ 0
2009B School Facilities					
Serial and Term Bonds	265,000	0	(265,000)	0	0
2015 Refunding Bonds					
Serial and Term Bonds	7,135,000	0	(80,000)	7,055,000	0
Capital Appreciation Bonds	239,935	0	0	239,935	132,526
Accretion on Bonds	146,815	97,568	0	244,383	134,985
Unamortized Premium	710,631	0	(65,079)	645,552	0
2016 Refunding Bonds					
Serial and Term Bonds	7,095,000	0	(10,000)	7,085,000	285,000
Unamortized Premium	762,071	0	(72,342)	689,729	0
2017 General Obligation Bonds					
Serial and Term Bonds	58,635,000	0	(665,000)	57,970,000	680,000
Unamortized Premium	4,768,823	0	(153,833)	4,614,990	0
Total General Obligation Bonds	80,023,275	97,568	(1,576,254)	78,544,589	1,232,511
Net Pension Liability	54,021,451	0	(5,402,558)	48,618,893	0
Net OPEB Liability	11,863,637	0	(6,984,506)	4,879,131	0
Compensated Absences	4,169,010	874,912	(635,581)	4,408,341	521,400
Total Governmental Activities Long-Term Liabilities	$ 150,077,373	$ 972,480	$ (14,598,899)	$ 136,450,954	$ 1,753,911

During fiscal year 2009, the School District issued $9,134,991 in general obligation bonds with a maturity date of July 15, 2037. The bonds are a combination of serial, term and capital appreciation bonds. The interest rates vary between 3% and 3.125% for serial bonds, 3.875%-4.75% for term bonds and 19.446% for capital appreciation bonds. The remaining capital appreciation bond matured in fiscal year 2017 with a par value of $250,000. The bonds will be used to finance construction and improvements of school buildings and facilities.

During fiscal year 2009, the School District issued $9,499,877 in general obligation bonds with a maturity date of July 15, 2037. The bonds are a combination of serial, term and capital appreciation bonds. The interest rates vary between 3% and 4.5% for serial bonds, 5% for term bonds and 18.80% for capital appreciation bonds. The capital appreciation bonds matured in fiscal years 2017 and 2018 with par values of $255,000 and $260,000 respectively. The bonds will be used to finance construction and improvements of school buildings and facilities.

The School District refunded the 2009A and 2009B School Facilities bonds discussed above to reduce their total debt service payments and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $638,442 and $714,593, respectively.

On December 1, 2015, the School District issued $7,499,935 in general obligation bonds with interest rates ranging from 1% to 4% for serial and term bonds and 23.81% for capital appreciation bonds to advance refund $7,500,000 of outstanding 2009B School Facilities bonds with an average interest rate of 4.82%. The bond proceeds consisted of bond principal and $909,837 of premium. The net proceeds of $8,451,014 (after payment of $135,270 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009B School Facilities refunded. As a result of this issue, a portion of the 2009B School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

On March 15, 2016, the School District issued $7,165,000 in general obligation bonds with interest rates ranging from 2% to 4% for serial and term bonds to advance refund $7,235,000 of outstanding 2009A School Facilities bonds with an average interest rate of 4.57%. The bond proceeds consisted of bond principal and $980,223 of premium. The net proceeds of $8,020,619 (after payment of $124,604 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009A School Facilities refunded. As a result of this issue, a portion of the 2009A School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

In July 2017, the School District issued $58,635,000 in serial and term general obligation bonds. The bonds were issued for the purpose of constructing and renovating school facilities. The interest rate of the bonds varies between 2 and 5 percent. The bonds mature in fiscal year 2055. These bonds were issued with a premium of $4,922,656, which is reported as an increase to bonds payable.

General obligation bonds will be repaid from the debt service fund. Compensated absences will be paid primarily from the general fund but also the food service fund and grant funds. There is no repayment schedule for the net pension liability and net OPEB asset/liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB asset/liability see Notes 11 and 12.

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

Fiscal Year	General Obligation Bonds		Capital Appreciation Bonds		Total	
Ending June 30,	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2020	$ 965,000	$ 2,895,326	$ 132,526	$ 202,474	$ 1,097,526	$ 3,097,800
2021	985,000	2,843,059	107,409	232,591	1,092,409	3,075,650
2022	1,355,000	3,053,000	0	0	1,355,000	3,053,000
2023	1,400,000	3,005,200	0	0	1,400,000	3,005,200
2024	1,455,000	2,955,800	0	0	1,455,000	2,955,800
2025-2029	8,150,000	13,928,050	0	0	8,150,000	13,928,050
2030-2034	10,080,000	12,060,775	0	0	10,080,000	12,060,775
2035-2039	10,160,000	9,736,800	0	0	10,160,000	9,736,800
2040-2044	8,865,000	7,594,500	0	0	8,865,000	7,594,500
2045-2049	11,355,000	5,169,750	0	0	11,355,000	5,169,750
2050-2054	14,150,000	2,381,400	0	0	14,150,000	2,381,400
2055	3,190,000	127,600	0	0	3,190,000	127,600
Total	$ 72,110,000	$ 65,751,260	$ 239,935	$ 435,065	$ 72,349,935	$ 66,186,325

NOTE 15: SET ASIDES

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2018	$ 0
Current Year Set-Aside Requirement	681,282
Current Year Offsets	(816,480)
Total	$ (135,198)
Balance Carried Forward to Fiscal Year 2020	$ 0
Set Aside Balance June 30, 2019	$ 0

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

NOTE 16: JOINTLY GOVERNED ORGANIZATION

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among local school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2019, the School District paid $162,253 to NOECA for various services. Financial information can be obtained from Matthew Bauer, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Center

The Vanguard-Sentinel Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of two representatives from the School District and one representative from the other thirteen participating school districts' elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Vanguard-Sentinel Career Center, Alex Binger, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 201 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2019, the School District paid the Council $123,939 for natural gas purchases and $3,061 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 17: CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District, if applicable, cannot be determined at this time nor does management believe any such disallowed claims will have a material adverse effect on the overall financial position of the School District at June 30, 2019.

Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2019 are a total payable of $21,313 for the District.

NOTE 18: SIGNIFICANT COMMITMENTS

Encumbrance Commitments

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

Fund	Amount
General Fund	$ 157,409
Classroom Facilities Fund	8,876,496
Nonmajor Governmental Funds	891,010
	$ 9,924,915

Contractual Commitments

The School District had the following significant contractual commitments related to the new high school and turf project as of June 30, 2019:

Vendor	Contract	Expended	Remaining
Then Design	$ 3,851,646	$ 1,956,078	$ 1,895,568
SSOE Group	4,586,042	3,109,728	1,476,314
S & S Hauling	745,808	30,722	715,086
Valley Electric	228,905	12,512	216,393
Adena	201,425	3,024	198,401
Gilbane Building Company	53,175,077	6,791,768	46,383,309
Heapy Engineering Inc	306,510	48,355	258,155
Totals	$ 63,095,413	$ 11,952,187	$ 51,143,226

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

NOTE 19: RESTATEMENT OF FUND BALALNCES AND STATEMENT OF NET POSITION

Governmental fund balances and net position of governmental activities at July 1, 2018, have been restated to account for a property tax refund payable that was based on a claim awarded in favor of American Municipal Power, Inc. (AMP) on November 6, 2019, that was originally filed on January 15, 2014, by AMP for reassessment of public utility property tax values with the Ohio Department of Taxation for the Return Year 2013. Sandusky County and the School District have estimated a repayment of taxes in the amount of $4,131,375 based on the claim awarded in favor of AMP and will be reduced from future real estate tax settlements from the School District.

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Fund balance as previously reported	$ 9,637,476	$ 7,768,414	$ 61,850,794	$ 13,698,463	$ 92,955,147
Deferred inflow - property tax refund	(3,559,180)	(422,640)	-	(149,555)	(4,131,375)
Restated fund balance at July 1, 2018	$ 6,078,296	$ 7,345,774	$ 61,850,794	$ 13,548,908	$ 88,823,772

	Governmental Activities
Net position as previously reported	$ 35,523,273
Deferred inflow - property tax refund	(4,131,375)
Restated net position at January 1, 2018	$ 31,391,898

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Fremont City School District
Sandusky County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)						
School District's Proportion of the Net Pension Liability	0.17341040%	0.17231160%	0.17455500%	0.17289100%	0.17456000%	0.17456000%
School District's Proportionate Share of the Net Pension Liability	$ 9,931,535	$ 10,295,237	$ 12,775,815	$ 9,865,328	$ 8,834,382	$ 10,380,523
School District's Covered Payroll	$ 5,680,756	$ 5,658,129	$ 5,406,507	$ 5,201,108	$ 5,092,504	$ 4,880,535
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.83%	181.95%	236.30%	189.68%	173.48%	212.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)						
School District's Proportion of the Net Pension Liability	0.17594956%	0.18406996%	0.17610576%	0.17900273%	0.17492557%	0.17492557%
School District's Proportionate Share of the Net Pension Liability	$ 38,687,358	$ 43,726,214	$ 58,947,906	$ 49,471,119	$42,547,952	$ 50,682,843
School District's Covered Payroll	$ 20,546,821	$ 20,462,450	$ 18,586,571	$ 18,749,086	$18,038,231	$ 17,945,700
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.29%	213.69%	317.15%	263.86%	235.88%	282.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Fremont City School District
Sandusky County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Seven Fiscal Years (1)

	2019	2018
School Employees Retirement System (SERS)		
Contractually Required Contribution	$ 791,426	$ 766,902
Contributions in Relation to the Contractually Required Contribution	(791,426)	(766,902)
Contribution Deficiency (Excess)	$ 0	$ 0
School District's Covered Payroll	$ 5,862,415	$ 5,680,756
Contributions as a Percentage of Covered Payroll	13.50%	13.50%
State Teachers Retirement System (STRS)		
Contractually Required Contribution	$ 2,827,473	$ 2,876,555
Contributions in Relation to the Contractually Required Contribution	(2,827,473)	(2,876,555)
Contribution Deficiency (Excess)	$ 0	$ 0
School District's Covered Payroll	$ 20,196,236	$ 20,546,821
Contributions as a Percentage of Covered Payroll	14.00%	14.00%

(1) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

2017		2016		2015		2014		2013	
$	792,138	$	756,911	$	685,506	$	705,821	$	675,466
	(792,138)		(756,911)		(685,506)		(705,821)		(675,466)
$	0	$	0	$	0	$	0	$	0
$	5,658,129	$	5,406,507	$	5,201,108	$	5,092,504	$	4,880,535
	14.00%		14.00%		13.18%		13.86%		13.84%
$	2,864,743	$	2,602,120	$	2,624,872	$	2,344,970	$	2,332,941
	(2,864,743)		(2,602,120)		(2,624,872)		(2,344,970)		(2,332,941)
$	0	$	0	$	0	$	0	$	0
$	20,462,450	$	18,586,571	$	18,749,086	$	18,038,231	$	17,945,700
	14.00%		14.00%		14.00%		13.00%		13.00%

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Fremont City School District
Sandusky County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability/Asset
Last Three Fiscal Years (1)

	2019	2018	2017
School Employees Retirement System (SERS)			
School District's Proportion of the Net OPEB Liability	0.17587080%	0.17445470%	0.17672088%
School District's Proportionate Share of the Net OPEB Liability	$ 4,879,131	$ 4,681,906	$ 5,037,199
School District's Covered Payroll	$ 5,680,756	$ 5,658,129	$ 5,406,507
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	85.89%	82.75%	93.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)			
School District's Proportion of the Net OPEB Liability/(Asset)	0.17594956%	0.18406996%	0.17610576%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (2,827,330)	$ 7,181,731	$ 9,418,182
School District's Covered Payroll	$ 20,546,821	$ 20,462,450	$ 18,586,571
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-13.76%	35.10%	50.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Fremont City School District
Sandusky County, Ohio
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Seven Fiscal Years (2)

	2019	2018
School Employees Retirement System (SERS)		
Contractually Required Contribution (1)	$ 135,147	$ 123,177
Contributions in Relation to the Contractually Required Contribution	(135,147)	(123,177)
Contribution Deficiency (Excess)	$ 0	$ 0
School District's Covered Payroll	$ 5,862,415	$ 5,680,756
OPEB Contributions as a Percentage of Covered Payroll (1)	2.31%	2.17%
State Teachers Retirement System (STRS)		
Contractually Required Contribution	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0
Contribution Deficiency (Excess)	$ 0	$ 0
School District's Covered Payroll	$ 20,196,236	$ 20,546,821
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%

(1) Includes surcharge
(2) Information prior to 2013 is not readily available.

See accompanying notes to the required supplementary information.

	2017	2016	2015	2014	2013
	$ 93,224	$ 88,686	$ 134,275	$ 95,198	$ 91,945
	(93,224)	(88,686)	(134,275)	(95,198)	(91,945)
	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 5,658,129	$ 5,406,507	$ 5,201,108	$ 5,092,504	$ 4,880,535
	1.65%	1.64%	2.58%	1.87%	1.88%
	$ 0	$ 0	$ 0	$ 180,382	$ 179,457
	0	0	0	(180,382)	(179,457)
	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 20,462,450	$ 18,586,571	$ 18,749,086	$ 18,038,231	$ 17,945,700
	0.00%	0.00%	0.00%	1.00%	1.00%

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

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

Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent 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 – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62

percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare	
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Medicare	
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.92 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
National School Lunch Program:			
NonCash Assistance (Food Distribution)	10.555		$ 150,219
Cash Assistance	10.555		1,004,506
Total National School Lunch Program			1,154,725
School Breakfast Program	10.553		323,329
Summer Food Service Program for Children	10.559		13,544
Total Child Nutrition Cluster			1,491,598
Child and Adult Care Food Program	10.558		6,859
Child Nutrition Discretionary Grants Limited Availability	10.579		20,000
Total U.S. Department of Agriculture			1,518,457
UNITED STATES DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education Cluster:			
Special Education_Grants to States	84.027		902,378
Special Education_Preschool Grants	84.173	$ 25,984	26,993
Total Special Education Cluster		25,984	929,371
Title I Grants to Local Educational Agencies	84.010		1,214,127
Migrant Education State Grant Program	84.011		91,128
Twenty-First Century Community Learning Centers	84.287		235,510
Rural Education	84.358		75,900
English Language Acquisition State Grants	84.365		12,354
Improving Teacher Quality State Grants	84.367		143,492
Student Support and Academic Enrichment Program	84.424		74,151
Total U.S. Department of Education		25,984	2,776,033
Total Expenditures of Federal Awards		**$ 25,984**	**$ 4,294,490**

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education (ODE) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

NOTE E – CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program.

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

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS – (Continued)

The District transferred the following amounts from fiscal year 2019 to 2020 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$33,451
Special Education_Grants to States	84.027	$43,911
Rural Education	84.358	$26,144
Improving Teacher Quality State Grants	84.367	$17,888
Student Support and Academic Enrichment Program	84.424	$15,540

The District transferred the following amounts from fiscal year 2018 to 2019 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$140,746
Special Education_Grants to States	84.027	$70,668
Rural Education	84.358	$93,929
Improving Teacher Quality State Grants	84.367	$15,332
Student Support and Academic Enrichment Program	84.424	$3,015

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OHIO AUDITOR OF STATE
KEITH FABER

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

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

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 Fremont City School District, Sandusky County, Ohio (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 26, 2020, wherein we noted the District restated beginning balances of net position and fund balances due to owing a property tax refund.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

March 26, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State

Columbus, Ohio

March 26, 2020

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

Jon C. Detwiler
Superintendent

Ira D. Hamman
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Significant deficiency with allowable costs/cost principles over the Special Education Cluster (IDEA) for not having proper time and effort documentation.	Fully corrected.	

OHIO AUDITOR OF STATE
KEITH FABER

FREMONT CITY SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 9, 2020