

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**RHONDA MELCHI, TREASURER/CFO**

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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## Independent Auditor's Report

Bowling Green City School District  
Wood County  
137 Clough Street  
Bowling Green, Ohio 43402

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bowling Green City School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bowling Green City School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bowling Green City School District, Wood County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, required budgetary comparison schedule, and schedules of net pension liabilities and pension 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 Information*

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

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

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 November 22, 2017, on our consideration of the Bowling Green City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bowling Green City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 22, 2017

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The management's discussion and analysis of Bowling Green City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- In total, net position increased \$2,574,858. Net position of governmental activities increased \$2,596,222, which represents a 12.06% increase from 2016 deficit balance of \$21,532,807. Net position of business-type activities decreased \$21,364 or 4.92% from 2016 deficit balance of \$434,642.
- General revenues accounted for \$34,108,628 in revenue or 89.68% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$3,925,368 or 10.32% of total governmental activities revenues of \$38,033,996.
- The District had \$35,437,774 in expenses related to governmental activities; only \$3,925,368 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of \$34,108,628 were used to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$33,482,798 in revenues and \$30,341,402 in expenditures. The fund balance of the general fund increased from a balance of \$14,542,699 to \$17,684,095.

**Using this Financial Report**

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

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

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service operation fund is included in business-type activities.

The District's statement of net position and statement of activities can be found on pages 13-15 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 16-19 of this report.

***Proprietary Fund***

The District uses the enterprise fund to report activities that use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The proprietary fund financial statements can be found on pages 20-22 of this report.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Reporting the District's Fiduciary Responsibilities**

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-58 of this report.

***Required Supplemental Information***

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the general fund is provided on pages 60-61 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net position liability. The required supplementary information can be found on pages 62-68 of this report.

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**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**The District as a Whole**

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

The table below provides a summary of the District's net position at June 30, 2017 and June 30, 2016.

	<b>Net Position</b>					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b><u>Assets</u></b>						
Current assets	\$ 36,604,560	\$ 35,794,726	\$ 502,836	\$ 492,450	\$ 37,107,396	\$ 36,287,176
Capital assets, net	<u>30,385,769</u>	<u>31,084,724</u>	<u>65,618</u>	<u>77,918</u>	<u>30,451,387</u>	<u>31,162,642</u>
Total assets	<u>66,990,329</u>	<u>66,879,450</u>	<u>568,454</u>	<u>570,368</u>	<u>67,558,783</u>	<u>67,449,818</u>
<b><u>Deferred outflows of resources</u></b>						
Unamortized deferred charges on debt refunding	1,579,727	1,669,997	-	-	1,579,727	1,669,997
Pension	<u>9,317,191</u>	<u>4,386,807</u>	<u>308,264</u>	<u>113,803</u>	<u>9,625,455</u>	<u>4,500,610</u>
Total deferred outflows of resources	<u>10,896,918</u>	<u>6,056,804</u>	<u>308,264</u>	<u>113,803</u>	<u>11,205,182</u>	<u>6,170,607</u>
<b><u>Liabilities</u></b>						
Current liabilities	2,543,612	2,984,774	48,668	82,564	2,592,280	3,067,338
Long-term liabilities:						
Due within one year	849,946	857,715	-	-	849,946	857,715
Due in more than one year:						
Net pension liability	50,519,159	43,006,366	1,221,022	936,356	51,740,181	43,942,722
Other amounts	<u>26,268,734</u>	<u>27,011,244</u>	<u>63,034</u>	<u>73,820</u>	<u>26,331,768</u>	<u>27,085,064</u>
Total liabilities	<u>80,181,451</u>	<u>73,860,099</u>	<u>1,332,724</u>	<u>1,092,740</u>	<u>81,514,175</u>	<u>74,952,839</u>
<b><u>Deferred inflows of resources</u></b>						
Property taxes levied for the next fiscal year	14,258,734	16,281,462	-	-	14,258,734	16,281,462
Pension	<u>2,383,647</u>	<u>4,327,500</u>	<u>-</u>	<u>26,073</u>	<u>2,383,647</u>	<u>4,353,573</u>
Total deferred inflows of resources	<u>16,642,381</u>	<u>20,608,962</u>	<u>-</u>	<u>26,073</u>	<u>16,642,381</u>	<u>20,635,035</u>
<b><u>Net Position</u></b>						
Net investment in capital assets	6,560,504	6,655,220	65,618	77,918	6,626,122	6,733,138
Restricted	1,776,921	1,647,703	-	-	1,776,921	1,647,703
Unrestricted (deficit)	<u>(27,274,010)</u>	<u>(29,835,730)</u>	<u>(521,624)</u>	<u>(512,560)</u>	<u>(27,795,634)</u>	<u>(30,348,290)</u>
Total net position (deficit)	<u>\$ (18,936,585)</u>	<u>\$ (21,532,807)</u>	<u>\$ (456,006)</u>	<u>\$ (434,642)</u>	<u>\$ (19,392,591)</u>	<u>\$ (21,967,449)</u>

The District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, the GASB believes many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The table below shows the change in net position for fiscal years 2017 and 2016.

	<b>Change in Net Position</b>					
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b><u>Revenues</u></b>						
Program revenues:						
Charges for services and sales	\$ 907,309	\$ 896,037	\$ 464,603	\$ 481,123	\$ 1,371,912	\$ 1,377,160
Operating grants and contributions	3,018,023	2,963,082	803,119	828,516	3,821,142	3,791,598
Capital grants and contributions	36	-	-	-	36	-
General revenues:						
Property taxes	20,165,599	16,212,457	-	-	20,165,599	16,212,457
Income taxes	3,466,307	3,617,961	-	-	3,466,307	3,617,961
Payments in lieu of taxes	-	-	-	-	-	-
Grants and entitlements not restricted	10,221,716	10,640,873	-	-	10,221,716	10,640,873
Investment earnings	110,533	124,296	648	419	111,181	124,715
Miscellaneous	144,473	113,388	389	74,805	144,862	188,193
Total revenues	<u>38,033,996</u>	<u>34,568,094</u>	<u>1,268,759</u>	<u>1,384,863</u>	<u>39,302,755</u>	<u>35,952,957</u>
<b><u>Expenses</u></b>						
Program expenses:						
Instruction	21,287,768	19,969,638	-	-	21,287,768	19,969,638
Support services	11,422,711	10,534,201	-	-	11,422,711	10,534,201
Operation of non-instructional services	825,405	684,318	-	-	825,405	684,318
Extracurricular activities	970,994	898,257	-	-	970,994	898,257
Interest and fiscal charges	930,896	961,966	-	-	930,896	961,966
Food service	-	-	1,290,123	1,276,743	1,290,123	1,276,743
Total expenses	<u>35,437,774</u>	<u>33,048,380</u>	<u>1,290,123</u>	<u>1,276,743</u>	<u>36,727,897</u>	<u>34,325,123</u>
Changes in net position	2,596,222	1,519,714	(21,364)	108,120	2,574,858	1,627,834
Net position at beginning of year	<u>(21,532,807)</u>	<u>(23,052,521)</u>	<u>(434,642)</u>	<u>(542,762)</u>	<u>(21,967,449)</u>	<u>(23,595,283)</u>
Net position at end of year	<u><u>\$(18,936,585)</u></u>	<u><u>\$(21,532,807)</u></u>	<u><u>\$(456,006)</u></u>	<u><u>\$(434,642)</u></u>	<u><u>\$(19,392,591)</u></u>	<u><u>\$(21,967,449)</u></u>

**Governmental Activities**

Net position of the District's governmental activities increased \$2,596,222 over the deficit balance of \$21,532,807. Total governmental expenses of \$35,437,774 were offset by program revenues of \$3,925,368, and general revenues of \$34,108,628. Program revenues supported 11.08% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 89.01% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$21,287,768 or 60.07% of total governmental expenses for fiscal year 2017.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses:				
Instruction	\$ 21,287,768	\$ 18,478,474	\$ 19,969,638	\$ 17,151,245
Support services	11,422,711	11,137,999	10,534,201	10,344,885
Operation of non-instructional services	825,405	311,170	684,318	172,395
Extracurricular activities	970,994	653,867	898,257	558,770
Interest and fiscal charges	<u>930,896</u>	<u>930,896</u>	<u>961,966</u>	<u>961,966</u>
Total expenses	<u>\$ 35,437,774</u>	<u>\$ 31,512,406</u>	<u>\$ 33,048,380</u>	<u>\$ 29,189,261</u>

The dependence upon tax revenues during fiscal year 2017 for governmental activities is apparent, as 86.80% of 2017 instruction activities are supported through taxes and other general revenues. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

**Business-Type Activities**

Business-type activities include food service operations. These programs had revenues of \$1,268,759 and expenses of \$1,290,123 for fiscal year 2017. The District's business-type activities do not receive support from tax revenues.

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$19,535,354 which is \$3,289,394 more than last year's total of \$16,245,960. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance <u>June 30, 2017</u>	Fund Balance <u>June 30, 2016</u>	<u>Change</u>
General	\$ 17,684,095	\$ 14,542,699	\$ 3,141,396
Other governmental	<u>1,851,259</u>	<u>1,703,261</u>	<u>147,998</u>
Total	<u>\$ 19,535,354</u>	<u>\$ 16,245,960</u>	<u>\$ 3,289,394</u>

**General Fund**

The District's general fund balance increased \$3,141,398 during fiscal year 2017 because of the net growth in assets. The table that follows assists in illustrating the revenues of the general fund.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 21,502,218	\$ 17,947,479	19.81 %
Intergovernmental	11,067,943	11,441,185	(3.26) %
Tuition and fees	604,893	616,029	(1.81) %
Interest	115,866	90,746	27.68 %
Extracurricular activities	31,891	34,333	(7.11) %
Other revenues	<u>159,987</u>	<u>113,388</u>	41.10 %
Total	<u>\$ 33,482,798</u>	<u>\$ 30,243,160</u>	10.71 %

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

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 18,961,716	\$ 17,959,891	5.58 %
Support services	10,381,139	10,133,488	2.44 %
Operation of non-instructional services	283,877	203,775	39.31 %
Extracurricular activities	664,476	613,020	8.39 %
Facilities acquisition and construction	<u>50,194</u>	<u>91,152</u>	(44.93) %
Total	<u>\$ 30,341,402</u>	<u>\$ 29,001,326</u>	4.62 %

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2017, the District amended its general fund budget. These amendments were necessitated by classroom safety modifications and an increase in Jon Peterson Scholarships.

For the general fund, final budgeted revenues and other financing sources were \$1,443,345 below actual revenues and other financing sources of \$31,714,301. The original budgeted revenues and other financing sources of \$30,965,920 were \$694,964 higher than final budgeted revenues and other financing sources of \$30,270,956.

General fund final appropriations and other financing uses were \$33,943,878. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$31,207,985, which was \$2,735,893 less than the final budget appropriations. The final appropriations were \$70,000 greater than the original appropriations of \$33,873,878.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2017, the District had \$30,451,387 invested in land, land/improvements, buildings/improvements, furniture/equipment, vehicles, and construction in progress. The High School Stadium Bleacher and Restroom project was completed early in fiscal year 2017. A High School Locker Room and Track Resurfacing project was underway at the close of fiscal year 2017. The District replaced two busses and purchased two additional vehicles. \$30,385,769 was reported in the governmental activities and \$65,618 was reported in the business-type activities. The following table shows fiscal year 2017 balances compared to 2016:

**Capital Assets at June 30  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 278,664	\$ 278,664	\$ -	\$ -	\$ 278,664	\$ 278,664
Building/improvements	28,244,341	28,826,398	-	-	28,244,341	28,826,398
Furniture/equipment	777,596	950,097	59,421	68,940	837,017	1,019,037
Vehicles	914,120	843,063	6,197	8,978	920,317	852,041
Construction in progress	<u>171,048</u>	<u>186,502</u>	<u>-</u>	<u>-</u>	<u>171,048</u>	<u>186,502</u>
Total	<u>\$ 30,385,769</u>	<u>\$ 31,084,724</u>	<u>\$ 65,618</u>	<u>\$ 77,918</u>	<u>\$ 30,451,387</u>	<u>\$ 31,162,642</u>

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

***Debt Administration***

At June 30, 2017 the District had \$22,660,000 in general obligation bonds. Of this total debt outstanding, \$640,000 is due within one year and \$22,020,000 is due in more than one year. The following table summarizes the bonds and notes outstanding:

**Outstanding Debt at June 30**

	<u>Governmental Activities 2017</u>	<u>Governmental Activities 2016</u>
General obligation bonds	<u>\$ 22,660,000</u>	<u>\$ 23,285,000</u>
Total	<u>\$ 22,660,000</u>	<u>\$ 23,285,000</u>

See Note 9 to the basic financial statements for detail on the District's debt administration.

**Economic Factors**

The latest five-year forecast in May, 2017 projected a positive cash balance through fiscal year 2019. However, the long term financial stability of the District is not without challenges.

With the Great Recession behind us, there are still some lingering effects with respect to interest rates although they are beginning to slowly increase.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

In Ohio, property revaluations are performed every six years with an update every three years. Wood County completed a triennial update in 2014. Agricultural property valuations saw significant increases. The District received additional tax revenue from inside/unvoted millage as a result. A reappraisal in 2017 reduced these agricultural land valuations but increased agricultural and residential building values resulting in an overall increase in assessed valuations for the District. This overall increase should again produce some increase in tax revenue from inside/unvoted millage.

State foundation funding had remained flat for years for Bowling Green City School District. Assessed local property values factor into this funding. Because property values in the District had increased over the years, the foundation formula assumed that property taxes also increased thereby reducing the District's need for state funding. However, property taxes do not actually grow with increased property values. State foundation funding declined beginning in fiscal year 2010. Finally, in 2014 a new funding formula was developed and Bowling Green City Schools actually saw an increase that brought our state foundation funding back up to the 1998 level that had been received prior to 2010. Additional increases were realized in fiscal years 2016 and 2017 while fiscal year 2018 funding should remain relatively stable.

Significant changes were implemented in the tax structure by the Ohio General Assembly beginning in fiscal year 2006. To summarize, tangible personal property tax was phased out and replaced with "hold harmless" TPP reimbursement payments to replace these revenues. These reimbursements were scheduled to be phased out, and were at a rate of 2% of the District's total revenues for each of fiscal year 2012 and 2013. The state biennial budget for 2014 and 2015 sustained the reimbursement amount from 2013. The state budget bill for fiscal years 2016 and 2017 as passed by the General Assembly reinstated a phase-out of the reimbursement. Later the General Assembly passed SB 208 that provided a supplement for fiscal years 2016 and 2017 such that no school district would receive less overall state funding than it had in 2015. However, Bowling Green City Schools' revenues have increased such that it is no longer eligible for a supplement.

Funding provided by each biennial state budget is subject to change and poses a challenge for all school districts in projecting future cash flows.

The Board of Education and the Administration of the Bowling Green City School District have committed themselves to providing a sound educational program for the citizens of the District. Accordingly, facilities, programs and operational practices have been and will continue to be under constant review to determine what, if any, changes are needed. To that end, instructional and curriculum staff have been added. In July, 2017, the Board approved a \$4.4 million addition to the Middle School for which Certificates of Participation were issued to finance the project in the amount of \$4,385,000.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Rhonda Melchi, Treasurer, Bowling Green City School District, 137 Clough Street, Bowling Green, Ohio 43402.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2017

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash, cash equivalents and investments.	\$ 16,396,853	\$ 414,383	\$ 16,811,236
Cash in segregated accounts . . . . .	4,000	-	4,000
Receivables:			
Property taxes . . . . .	18,249,817	-	18,249,817
Income taxes . . . . .	1,484,746	-	1,484,746
Accounts . . . . .	1,122	-	1,122
Accrued interest . . . . .	31,638	-	31,638
Intergovernmental . . . . .	240,744	62,560	303,304
Prepayments . . . . .	135,600	3,159	138,759
Materials and supplies inventory . . . . .	60,040	22,734	82,774
Capital assets:			
Nondepreciable capital assets . . . . .	449,712	-	449,712
Depreciable capital assets, net. . . . .	29,936,057	65,618	30,001,675
Capital assets, net . . . . .	30,385,769	65,618	30,451,387
Total assets. . . . .	<u>66,990,329</u>	<u>568,454</u>	<u>67,558,783</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	1,579,727	-	1,579,727
Pension - STRS . . . . .	7,093,363	-	7,093,363
Pension - SERS . . . . .	2,223,828	308,264	2,532,092
Total deferred outflows of resources . . . . .	<u>10,896,918</u>	<u>308,264</u>	<u>11,205,182</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	174,900	73	174,973
Contracts payable. . . . .	171,048	-	171,048
Accrued wages and benefits payable . . . . .	1,697,943	31,613	1,729,556
Intergovernmental payable . . . . .	163,650	228	163,878
Pension obligation payable. . . . .	254,524	16,754	271,278
Accrued interest payable . . . . .	81,547	-	81,547
Long-term liabilities:			
Due within one year. . . . .	849,946	-	849,946
Due in more than one year:			
Net pension liability. . . . .	50,519,159	1,221,022	51,740,181
Other amounts due in more than one year . . . . .	26,268,734	63,034	26,331,768
Total liabilities . . . . .	<u>80,181,451</u>	<u>1,332,724</u>	<u>81,514,175</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	14,258,734	-	14,258,734
Pension - STRS. . . . .	2,196,131	-	2,196,131
Pension - SERS. . . . .	187,516	-	187,516
Total deferred inflows of resources . . . . .	<u>16,642,381</u>	<u>-</u>	<u>16,642,381</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	6,560,504	65,618	6,626,122
Restricted for:			
Capital projects . . . . .	533,862	-	533,862
Permanent fund - expendable . . . . .	8,781	-	8,781
Permanent fund - nonexpendable . . . . .	102,867	-	102,867
Debt service. . . . .	894,336	-	894,336
Locally funded programs . . . . .	27,545	-	27,545
State funded programs. . . . .	62,316	-	62,316
Federally funded programs . . . . .	3,920	-	3,920
Student activities . . . . .	118,376	-	118,376
Other purposes . . . . .	24,918	-	24,918
Unrestricted (deficit) . . . . .	(27,274,010)	(521,624)	(27,795,634)
Total net position (deficit) . . . . .	<u>\$ (18,936,585)</u>	<u>\$ (456,006)</u>	<u>\$ (19,392,591)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction. . . . .	\$ 21,287,768	\$ 592,051	\$ 2,217,243	\$ -
Support services. . . . .	11,422,711	28,392	256,284	36
Non-instructional. . . . .	825,405	-	514,235	-
Extracurricular activities. . . . .	970,994	286,866	30,261	-
Interest and fiscal charges . . . . .	930,896	-	-	-
Total governmental activities . . . . .	<u>35,437,774</u>	<u>907,309</u>	<u>3,018,023</u>	<u>36</u>
<b>Business-type activities:</b>				
Food service. . . . .	<u>1,290,123</u>	<u>464,603</u>	<u>803,119</u>	<u>-</u>
Total business-type activities . . . . .	<u>1,290,123</u>	<u>464,603</u>	<u>803,119</u>	<u>-</u>
Totals . . . . .	<u>\$ 36,727,897</u>	<u>\$ 1,371,912</u>	<u>\$ 3,821,142</u>	<u>\$ 36</u>

**General revenues:**

- Property taxes levied for:
  - General purposes . . . . .
  - Debt service. . . . .
  - Capital outlay. . . . .
- Income taxes levied for:
  - General purposes . . . . .
  - Grants and entitlements not restricted to specific programs . . . . .
- Investment earnings . . . . .
- Miscellaneous . . . . .

Total general revenues . . . . .

Change in net position . . . . .

**Net position (deficit) at beginning of year . . . . .**

**Net position (deficit) at end of year. . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (18,478,474)	\$ -	\$ (18,478,474)
(11,137,999)	-	(11,137,999)
(311,170)	-	(311,170)
(653,867)	-	(653,867)
(930,896)	-	(930,896)
(31,512,406)	-	(31,512,406)
-	(22,401)	(22,401)
-	(22,401)	(22,401)
(31,512,406)	(22,401)	(31,534,807)
18,025,773	-	18,025,773
1,618,900	-	1,618,900
520,926	-	520,926
3,466,307	-	3,466,307
10,221,716	-	10,221,716
110,533	648	111,181
144,473	389	144,862
34,108,628	1,037	34,109,665
2,596,222	(21,364)	2,574,858
(21,532,807)	(434,642)	(21,967,449)
\$ (18,936,585)	\$ (456,006)	\$ (19,392,591)

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash, cash equivalents and investments	\$ 14,792,114	\$ 1,604,739	\$ 16,396,853
Cash in segregated accounts	4,000	-	4,000
Receivables:			
Property taxes	16,306,525	1,943,292	18,249,817
Income taxes	1,484,746	-	1,484,746
Accounts	1,075	47	1,122
Accrued interest	30,911	727	31,638
Intergovernmental	123,500	117,244	240,744
Prepayments	135,600	-	135,600
Materials and supplies inventory	60,040	-	60,040
Due from other funds	59,953	-	59,953
Total assets	<u>\$ 32,998,464</u>	<u>\$ 3,666,049</u>	<u>\$ 36,664,513</u>
<b>Liabilities:</b>			
Accounts payable	\$ 166,137	\$ 8,763	\$ 174,900
Contracts payable	-	171,048	171,048
Accrued wages and benefits payable	1,651,568	46,375	1,697,943
Compensated absences payable	19,926	-	19,926
Intergovernmental payable	163,039	611	163,650
Pension obligation payable	250,139	4,385	254,524
Due to other funds	-	59,953	59,953
Total liabilities	<u>2,250,809</u>	<u>291,135</u>	<u>2,541,944</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	12,744,499	1,514,235	14,258,734
Delinquent property tax revenue not available	71,844	8,693	80,537
Income tax revenue not available	222,142	-	222,142
Accrued interest not available	25,075	727	25,802
Total deferred inflows of resources	<u>13,063,560</u>	<u>1,523,655</u>	<u>14,587,215</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory	60,040	-	60,040
Prepays	135,600	-	135,600
Permanent fund	-	102,867	102,867
Restricted:			
Debt service	-	969,289	969,289
Capital improvements	-	531,763	531,763
Non-public schools	-	52,076	52,076
Targeted academic assistance	-	3,920	3,920
Extracurricular	-	118,376	118,376
Other purposes	-	70,757	70,757
Committed:			
Capital improvements	-	2,211	2,211
Termination benefits	785,250	-	785,250
Assigned:			
Student instruction	59,494	-	59,494
Student and staff support	96,637	-	96,637
Subsequent year's appropriations	3,134,586	-	3,134,586
Unassigned	<u>13,412,488</u>	<u>-</u>	<u>13,412,488</u>
Total fund balances	<u>17,684,095</u>	<u>1,851,259</u>	<u>19,535,354</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 32,998,464</u>	<u>\$ 3,666,049</u>	<u>\$ 36,664,513</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2017

<b>Total governmental fund balances</b>		\$	19,535,354
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			30,385,769
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	80,537	
Income taxes receivable		222,142	
Accrued interest receivable		25,802	
Total		25,802	328,481
Unamortized premiums on bonds issued are not recognized in the funds.			(2,573,944)
Unamortized deferred charges on refundings are not recognized in the funds.			1,579,727
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(81,547)
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		(22,660,000)	
Compensated absences		(1,864,810)	
Total		(24,524,810)	(24,524,810)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - Pension		9,317,191	
Deferred Inflows - Pension		(2,383,647)	
Net pension liability		(50,519,159)	
Total		(43,585,615)	(43,585,615)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>(18,936,585)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 18,044,797	\$ 2,140,574	\$ 20,185,371
Income taxes . . . . .	3,457,421	-	3,457,421
Tuition . . . . .	423,779	-	423,779
Transportation fees . . . . .	12,842	-	12,842
Earnings on investments . . . . .	115,866	2,000	117,866
Extracurricular . . . . .	31,891	254,975	286,866
Classroom materials and fees . . . . .	168,272	-	168,272
Rental income . . . . .	15,550	-	15,550
Contract services . . . . .	20,774	-	20,774
Other local revenues . . . . .	123,663	92,667	216,330
Intergovernmental - intermediate . . . . .	-	2,900	2,900
Intergovernmental - state . . . . .	11,044,805	666,703	11,711,508
Intergovernmental - federal . . . . .	23,138	1,428,804	1,451,942
Total revenues . . . . .	<u>33,482,798</u>	<u>4,588,623</u>	<u>38,071,421</u>
<b>Expenditures:</b>			
Current:			
Instruction . . . . .	18,961,716	1,243,229	20,204,945
Support services . . . . .	10,381,139	231,438	10,612,577
Non-instructional services . . . . .	283,877	520,874	804,751
Extracurricular activities . . . . .	664,476	268,712	933,188
Facilities acquisition and construction . . . . .	50,194	569,770	619,964
Debt service:			
Principal retirement . . . . .	-	625,000	625,000
Interest and fiscal charges . . . . .	-	989,538	989,538
Total expenditures . . . . .	<u>30,341,402</u>	<u>4,448,561</u>	<u>34,789,963</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,141,396</u>	<u>140,062</u>	<u>3,281,458</u>
<b>Other financing sources:</b>			
Sale/loss of assets . . . . .	-	7,936	7,936
Total other financing sources . . . . .	<u>-</u>	<u>7,936</u>	<u>7,936</u>
Net change in fund balances . . . . .	3,141,396	147,998	3,289,394
<b>Fund balances at beginning of year . . . . .</b>	<u>14,542,699</u>	<u>1,703,261</u>	<u>16,245,960</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 17,684,095</u>	<u>\$ 1,851,259</u>	<u>\$ 19,535,354</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD 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, 2017

<b>Net change in fund balances - total governmental funds</b>	\$	3,289,394
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 788,439	
Current year depreciation	(1,459,446)	
Total		(671,007)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(27,948)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(19,772)	
Income taxes	8,886	
Earnings on investments	(6,450)	
Intergovernmental	(20,089)	
Total		(37,425)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		625,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	1,829	
Amortization of bond premiums	147,083	
Amortization of deferred charges	(90,270)	
Total		58,642
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(1,878)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		2,560,370
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,198,926)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>2,596,222</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

		<b>Business-Type Activity - Food Service</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$	414,383
Intergovernmental receivables . . . . .		62,560
Prepayments . . . . .		3,159
Materials and supplies inventory. . . . .		22,734
<b>Total current assets . . . . .</b>		<b>502,836</b>
Noncurrent assets:		
Depreciable capital assets, net . . . . .		65,618
<b>Total assets. . . . .</b>		<b>568,454</b>
<b>Deferred outflows of resources:</b>		
Pension - SERS . . . . .		308,264
<b>Total deferred outflows of resources . . . . .</b>		<b>308,264</b>
<b>Liabilities:</b>		
Accounts payable. . . . .		73
Accrued wages and benefits . . . . .		31,613
Pension obligation payable. . . . .		16,754
Intergovernmental payable . . . . .		228
<b>Total current liabilities . . . . .</b>		<b>48,668</b>
Long-term liabilities:		
Compensated absences payable. . . . .		63,034
Net pension liability. . . . .		1,221,022
<b>Total long-term liabilities . . . . .</b>		<b>1,284,056</b>
<b>Total liabilities . . . . .</b>		<b>1,332,724</b>
<b>Net position:</b>		
Investment in capital assets . . . . .		65,618
Unrestricted (deficit). . . . .		(521,624)
<b>Total net position (deficit). . . . .</b>	<b>\$</b>	<b>(456,006)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<b>Business-Type Activity</b>	
	<b>Food Service</b>	
<b>Operating revenues:</b>		
Sales . . . . .	\$	464,603
Other . . . . .		389
Total operating revenues . . . . .		<u>464,992</u>
<b>Operating expenses:</b>		
Personal services . . . . .		675,275
Purchased services . . . . .		22,098
Materials and supplies . . . . .		425,716
Cost of sales . . . . .		148,245
Depreciation . . . . .		12,300
Other . . . . .		6,489
Total operating expenses . . . . .		<u>1,290,123</u>
Operating loss . . . . .		<u>(825,131)</u>
<b>Nonoperating revenues:</b>		
Grants and subsidies . . . . .		654,874
Interest revenue . . . . .		648
Federal donated commodities . . . . .		148,245
Total nonoperating revenues . . . . .		<u>803,767</u>
Change in net position . . . . .		(21,364)
<b>Net position (deficit) at beginning of year. . . . .</b>		<u>(434,642)</u>
<b>Net position (deficit) at end of year. . . . .</b>	\$	<u><u>(456,006)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<b>Business-Type Activities -</b>
	<b>Food Service</b>
<b>Cash flows from operating activities:</b>	
Cash received from sales/charges for services. . . . .	\$ 464,603
Cash received from other operations . . . . .	389
Cash payments for personal services. . . . .	(655,898)
Cash payments for contractual services . . . . .	(22,098)
Cash payments for materials and supplies . . . . .	(421,580)
Cash payments for other expenses . . . . .	(6,529)
	(641,113)
<b>Net cash used in operating activities. . . . .</b>	
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies. . . . .	592,314
	592,314
<b>Net cash provided by noncapital financing activities . .</b>	
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	648
	648
<b>Net cash provided by investing activities . . . . .</b>	
Net decrease in cash and cash equivalents. . . . .	(48,151)
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>462,534</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 414,383</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss. . . . .	\$ (825,131)
Adjustments:	
Depreciation. . . . .	12,300
Federal donated commodities . . . . .	148,245
Changes in assets and liabilities:	
Decrease in materials and supplies inventory . . . . .	4,063
Increase in prepayments . . . . .	(40)
Increase in accounts payable. . . . .	73
Decrease in accrued wages and benefits. . . . .	(15,175)
Decrease in intergovernmental payable. . . . .	(166)
Decrease in compensated absences payable. . . . .	(10,786)
Decrease in pension obligation payable. . . . .	(18,628)
Increase in net pension liability . . . . .	284,666
Decrease in deferred inflows - pension . . . . .	(26,073)
Increase in deferred outflows - pension . . . . .	(194,461)
	(194,461)
<b>Net cash used in operating activities. . . . .</b>	<b>\$ (641,113)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2017

	<b>Agency</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 96,355
Total assets. . . . .	\$ 96,355
 <b>Liabilities:</b>	
Accounts payable. . . . .	\$ 100
Due to students. . . . .	96,255
Total liabilities . . . . .	\$ 96,355

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 1- DESCRIPTION OF THE SCHOOL DISTRICT**

Bowling Green City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city district as defined by Section 3311.02, Ohio Revised Code. The District operates under an elected five member Board of Education and is responsible for provision of public education to residents of the District. The District is located in Wood County in northwest Ohio. Its boundaries include all of the City of Bowling Green and portions of surrounding townships.

The District serves 3,053 students and encompasses an area of approximately one hundred eighteen square miles. The District regularly employs 232 licensed/certified employees and 101 non-certified/licensed employees. In addition, the District employed substitute employees to cover the duties of absent bus drivers while contracting with an employment service for all other substitute employees and certain paraprofessionals.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. The Reporting Entity**

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39 determining whether certain organizations are component units and GASB Statement No. 61 The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34. The financial statements of the reporting entity include those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

*Jointly Governed Organization:*

Penta Career Center: an Ohio Vocational School District

The Penta Career Center is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District. One member of the Bowling Green City Board of Education serves as a member of the Penta Career Center Board of Education.

The District also participates in two insurance group purchasing pools.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Non-public Schools

Non-public schools located within the District boundaries include: St. Aloysius and St. Louis Elementary Schools, the Montessori School of Bowling Green, and Bowling Green Christian Academy. These non-public schools are operated independently of the District. The District receives and disburses auxiliary services money from the State for support of these non-public schools as directed by these non-public schools. The receipt and expenditure of these auxiliary services monies are accounted for by the District and are reflected in a Special Revenue Fund for financial reporting purposes, but the non-public schools' operations are not reflected in the accompanying financial statements.

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following is the District's major Governmental Fund:

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

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

*PROPRIETARY FUNDS*

Proprietary Funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Proprietary Funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position. The following are the District's Proprietary Funds:

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

*Enterprise Funds* - The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's major enterprise fund account for its food service operation.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The District's only Fiduciary Funds are Agency Funds that are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District's Agency Funds account for student activities and other similar activities.

**C. Basis of Presentation and Measurement Focus - Financial Statements**

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of Governmental and Enterprise Fund financial statements is on major funds rather than reporting funds by type. The major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operations of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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

Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Government-wide, proprietary and fiduciary fund financial statements measure and report all assets, deferred outflows, liabilities, deferred inflows, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined while "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after the June 30 year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, student fees, property taxes available as an advance and income taxes.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The District reports deferred inflows of resources on its balance sheet. Deferred inflows of resources arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as deferred inflows of resources.

On the governmental fund financial statements, receivables that will not be collected within the available period, including accrued interest and delinquent property taxes due at June 30, 2017, have also been reported as deferred inflow of resources.

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.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, Proprietary Funds and the Fiduciary Funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. Grants received before eligibility requirements are met are recorded as deferred inflows on the governmental fund financial statements. The Proprietary Funds receive no revenue from property taxes.

**E. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds (except agency) while GASB requires only the general and any major special revenue funds to be reported in the supplementary schedules presenting budgetary information. The specific timetable for fiscal year 2017 is as follows:

1. Pursuant to Section 5705.281, ORC, the Wood County Budget Commission has waived the requirement for school districts to adopt a tax budget. In place of the tax budget, the District must submit an estimate of revenues for the fiscal year commencing the following July 1 for all funds by no later than January 20 of the preceding fiscal year.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must prepare a budget in which total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. This budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary schedule reflect the amounts set forth in the Amended Official Certificate of Estimated Resources and the final Amended Certificate issued for fiscal year 2017.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education. While the District uses an expenditure account coding system consisting of a minimum of fund number, a four digit function, and a three digit object, the Board adopted appropriation is at the fund and first digit of function level of expenditures for the General Fund and at the fund level for all other district funds. These are considered the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total of any fund appropriation or alter first digit function appropriations within the General Fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2017.
7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, first digit function level for the General fund and the fund level for all other funds.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental funds, encumbrances outstanding at year-end appear as a commitment or assignment of the fund balance on the balance sheet and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**F. Cash and Investments**

Cash received by the District is deposited in a central bank account with individual fund balance integrity maintained. Monies for all funds are maintained in this account or temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired by the District) which are stated at cost. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements. Under existing Ohio statutes, all investment earnings are credited to the General Fund except those specified according to Board Resolution. Interest earnings are allocated to these funds based on average monthly cash balances. Interest revenue credited to the General fund during fiscal year 2017 amounted to \$115,866 while interest in the amount of \$2,000 was credited to other District funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2017. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

For purposes of presentation in the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time of purchase by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**G. Inventory**

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

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

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

**H. Prepaids**

Prepayments for Governmental Funds represent cash disbursements that have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period-end, because prepayment is not available to finance future Governmental Fund expenditures, an amount equal to the carrying value of the asset is classified as nonspendable in the fund balance.

**I. Capital Assets and Depreciation**

Property, Plant and Equipment - Governmental Activities

Capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the Governmental Funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$3,000 and a useful life of less than five years.

Donated capital assets are recorded at fair value at the date received. The District does not possess any infrastructure. Estimated historical costs of capital assets were derived, when information supporting historical costs was not obtainable, by an appraisal company who specializes in this area.

Depreciation

All capital assets, except for land, are depreciated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Buildings and Improvements	20-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	5-10

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**J. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

**K. Compensated Absences**

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

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement.

A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. In the Government-wide statement of net position, this liability is recorded in the "Due within one year" liability account with the long-term portion of accumulated absences recorded in the "Due in more than one year" liability account.

**L. Long-Term Obligations**

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of Governmental Funds. In the Government-wide statement of net position, the current portion of general obligation bonds and notes are recorded in the "Due within one year" liability account with the long-term portion of these general obligation bonds and notes recorded in the "Due in more than one year" liability account.

**M. Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 12 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 12 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

**N. Pensions**

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

**O. Fund Balance**

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

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

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**P. Net Position**

Net position represents the difference between assets and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for public school support, district managed activities and auxiliary services.

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

**Q. Interfund Transactions**

During the course of normal operations, transactions occur between funds. The most significant include:

Routine transfers of resources from one fund to another through which resources are to be expended are recorded as operating transfers.

Reimbursements from one fund to another are treated as an expenditure/expense in the reimbursing fund and a reduction of expenditure/ expense in the reimbursed fund.

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Short-term interfund loans are reflected as due to/due from other funds while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

Interfund operating transfers and loans are eliminated on the Government-wide statements.

**R. 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.

**S. Unamortized Bond Premiums/Deferred Charges on Refunding**

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

A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position.

**T. Fair Market Value**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2017, the District has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the District's fiscal year 2017 financial statements (see Note 6); however, there was no effect on beginning net position/fund balance.

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

State statutes require the classification of monies held by the District into three categories:

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

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

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

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. Historically, the District has not purchased these types of investments or issued these types of notes.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

**A. Cash on Hand**

At fiscal year end, the District had \$894 in undeposited cash on hand which is included on the balance sheet of the District as part of "cash and cash equivalents".

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

**B. Cash in Segregated Accounts**

At June 30, 2017, the District had \$4,000 in athletic checking accounts which is not included in the total “Deposits” in the next paragraph.

**C. Deposits**

At June 30, 2017, the carrying amount of the District’s deposits was \$3,173,025 and the bank balance was \$4,067,768. Of the entire bank balance, \$2,334,512 was covered by federal depository insurance while \$1,733,256 was exposed to custodial credit risk as described in GASB Statement No. 40 further discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. State statutes require deposits to be collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**D. Investments**

As of June 30, 2017, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FHLMC	\$ 1,520,357	\$ 999,930	\$ -	\$ -	\$ 520,427	\$ -
Commercial Paper	3,705,089	-	3,705,089	-	-	-
Negotiable CD's	4,259,085	1,489,406	-	1,988,632	-	781,047
Amortized cost:						
Star Ohio	4,249,141	4,249,141	-	-	-	-
<b>Total</b>	<b>\$ 13,733,672</b>	<b>\$ 6,738,477</b>	<b>\$ 3,705,089</b>	<b>\$ 1,988,632</b>	<b>\$ 520,427</b>	<b>\$ 781,047</b>

The weighted average maturity of investments is .62 years.

The District's investments in federal agency securities (FHLMC and commercial paper) and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and in accordance with the Ohio Revised Code, the District's investment policy limits investment maturities to five years or less. Commercial paper must mature within 270 days.

*Credit Risk:* The District's investments in commercial paper were rated P-1 by Moody's Investor Services. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk; however, the District minimizes custodial credit risk by utilizing multiple safekeeping agents for its book-entry securities.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer, although Ohio law sets limits on investments in commercial paper. The following table includes the percentage of each investment type held by the District at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair value:		
FHLMC	\$ 1,520,357	11.07
Commercial Paper	3,705,089	26.98
Negotiable CD's	4,259,085	31.01
Amortized cost:		
Star Ohio	<u>4,249,141</u>	<u>30.94</u>
Total	<u>\$ 13,733,672</u>	<u>100.00</u>

**E. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation between cash and investments as reported in the preceding paragraphs to that reported on in the statements of net position:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,173,025
Investments	13,733,672
Cash in segregated accounts	4,000
Cash on hand	<u>894</u>
Total	<u>\$ 16,911,591</u>

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 16,400,853
Proprietary funds	414,383
Agency funds	<u>96,355</u>
Total	<u>\$ 16,911,591</u>

**NOTE 5 - TAXES**

**A. Property Tax**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year, except monies available to be advanced against such distributions which may be appropriated and used in the current fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utility) located in the District. Real property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes.

Real property taxes received in calendar year 2017 were levied after April 1, 2016 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016 and were collected in 2016 with real property taxes. Public utility real property is assessed at 35% of true value and tangible personal property is assessed at varying percentages of true value.

The Wood County Treasurer collects property tax on behalf of the District. The Wood County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017 are available to finance current year operations. The amount available to be advanced can vary based upon the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable, in accordance with GASB 33, as of June 30, 2017. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2017, was \$3,490,182 for the general fund, \$318,828 for the bond retirement fund, and \$101,536 for the permanent improvement fund.

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 5 - TAXES - (Continued)**

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

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 620,948,600	98.79	\$ 624,282,250	98.60
Public utility personal	<u>7,596,470</u>	<u>1.21</u>	<u>8,851,320</u>	<u>1.40</u>
Total	<u>\$ 628,545,070</u>	<u>100.00</u>	<u>\$ 633,133,570</u>	<u>100.00</u>

**B. School District Income Tax**

The District levies an income tax of 0.5% on the gross salaries, wages and other personal service compensation earned by residents of the District. All the revenue received from income tax is recorded directly into the general fund.

**NOTE 6 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The City of Bowling Green and Wood County provide tax abatements through Enterprise Zones (Ezone).

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The Ezone agreements entered into by the City of Bowling Green and Wood County affect the property tax receipts collected and distributed to the District. There were Ezone agreements with 26 companies that affected the District. Under these agreements, the District property taxes were reduced by \$457,848.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2017, consisted of taxes, accounts (charges for services and fees), accrued interest, intergovernmental receivables and interfund receivables (discussed in Note 8). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of the specific State programs.

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2016 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 59,953</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2017 are reported on the statement of net position.

**NOTE 9 - CAPITAL ASSETS**

The following is a summary by category of the changes in governmental activities capital assets at June 30, 2017:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 278,664	\$ -	\$ -	\$ 278,664
Construction in progress	<u>186,502</u>	<u>539,298</u>	<u>(554,752)</u>	<u>171,048</u>
Total capital assets, not being depreciated	<u>465,166</u>	<u>539,298</u>	<u>(554,752)</u>	<u>449,712</u>
<i>Capital assets, being depreciated:</i>				
Buildings and Improvements	44,986,056	559,292	-	45,545,348
Furniture and Equipment	4,149,195	29,783	-	4,178,978
Vehicles	<u>2,298,650</u>	<u>214,818</u>	<u>(162,839)</u>	<u>2,350,629</u>
Total capital assets, being depreciated	<u>51,433,901</u>	<u>803,893</u>	<u>(162,839)</u>	<u>52,074,955</u>
<i>Less: accumulated depreciation:</i>				
Buildings and Improvements	(16,159,658)	(1,141,349)	-	(17,301,007)
Furniture and Equipment	(3,199,098)	(202,284)	-	(3,401,382)
Vehicles	<u>(1,455,587)</u>	<u>(115,813)</u>	<u>134,891</u>	<u>(1,436,509)</u>
Total accumulated depreciation	<u>(20,814,343)</u>	<u>(1,459,446)</u>	<u>134,891</u>	<u>(22,138,898)</u>
Governmental activities capital assets, net	<u>\$ 31,084,724</u>	<u>\$ (116,255)</u>	<u>\$ (582,700)</u>	<u>\$ 30,385,769</u>

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 992,209
Support services	412,964
Noninstructional Activities	16,467
Extracurricular activities	<u>37,806</u>
Total depreciation expense	<u>\$ 1,459,446</u>

A summary of the business-type capital assets at June 30, 2017 follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
<i>Capital assets, being depreciated:</i>				
Furniture and Equipment	\$ 318,532	\$ -	\$ -	\$ 318,532
Vehicles	<u>20,102</u>	<u>-</u>	<u>-</u>	<u>20,102</u>
Total capital assets, being depreciated	<u>338,634</u>	<u>-</u>	<u>-</u>	<u>338,634</u>
<i>Less: accumulated depreciation:</i>				
Furniture and Equipment	(249,592)	(9,519)	-	(259,111)
Vehicles	<u>(11,124)</u>	<u>(2,781)</u>	<u>-</u>	<u>(13,905)</u>
Total accumulated depreciation	<u>(260,716)</u>	<u>(12,300)</u>	<u>-</u>	<u>(273,016)</u>
Business-type activities capital assets, net	<u>\$ 77,918</u>	<u>\$ (12,300)</u>	<u>\$ -</u>	<u>\$ 65,618</u>

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10- LONG-TERM OBLIGATIONS**

During the fiscal year 2017, the following changes occurred in long-term obligations:

	<u>Interest</u>	<u>Issue</u>	<u>Maturity</u>	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>Rate</u>	<u>Date</u>	<u>Date</u>	<u>07/01/16</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/17</u>	<u>Due in</u>
								<u>One Year</u>
<u>Governmental activities:</u>								
Compensated absences:								
Sick leave (severance)				\$ 1,630,217	\$ 267,680	\$ (223,107)	\$ 1,674,790	\$ -
Vacation				232,715	154,735	(177,504)	209,946	209,946
2007 School Facilities								
Improvement Bonds	3.5-5.0%	3/22/2007	12/1/2034	540,000	-	(540,000)	-	-
2015 Advance Refunding Bonds	2.0-5.0%	4/30/2015	12/1/2034	22,745,000	-	(85,000)	22,660,000	640,000
Net pension liability				<u>43,006,366</u>	<u>7,512,793</u>	<u>-</u>	<u>50,519,159</u>	<u>-</u>
Total governmental activities				<u>\$ 68,154,298</u>	<u>\$ 7,935,208</u>	<u>\$ (1,025,611)</u>	75,063,895	<u>\$ 849,946</u>
Add: unamortized premium on bonds							<u>2,573,944</u>	
Total on statement of net position							<u>\$ 77,637,839</u>	
<u>Business-type activities</u>								
Compensated absences:								
Sick leave (severance)				\$ 73,820	\$ 5,631	\$ (16,417)	\$ 63,034	\$ -
Net pension liability				<u>936,356</u>	<u>284,666</u>	<u>-</u>	<u>1,221,022</u>	<u>-</u>
Total business-type activities				<u>\$ 1,010,176</u>	<u>\$ 290,297</u>	<u>\$ (16,417)</u>	<u>\$ 1,284,056</u>	<u>\$ -</u>

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The District has established a Severance Benefits Fund, as permitted by H.B. 426, to liquidate accumulated sick leave upon retirement of employees while sick leave and vacation benefits enjoyed by active employees are paid by the fund from which the employee is normally paid, in most cases the General Fund.

See Note 12 for net pension liability detail.

All current bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. A bond retirement tax has been levied for the principal and interest payments of bonds through a debt service fund.

On April 30, 2015, the District issued \$23,230,000 in General Obligation Refunding Bonds. These serial bonds have interest rates varying from 2.0 percent to 5.0 percent. The final stated maturity on the issue is December 1, 2034. Proceeds were used to refund \$23,250,000 of the outstanding 2007 school facilities construction and improvement bonds.

The bonds were sold at a premium of \$2,868,109. Proceeds of \$25,811,196 (after the underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2007 school facilities construction and improvement bonds. As a result, \$23,250,000 of these bonds were considered defeased and the liability for the refunding portion of these bonds has been removed from the basic financial statements.

The reacquisition priced exceeded the net carrying amount of the old debt by \$1,760,267. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 640,000	\$ 972,162	\$ 1,612,162
2019	690,000	958,862	1,648,862
2020	730,000	937,362	1,667,362
2021	785,000	907,062	1,692,062
2022	850,000	870,112	1,720,112
2023 - 2027	5,450,000	3,615,300	9,065,300
2028 - 2032	7,640,000	2,258,794	9,898,794
2033 - 2035	5,875,000	454,125	6,329,125
Total	<u>\$ 22,660,000</u>	<u>\$ 10,973,779</u>	<u>\$ 33,633,779</u>

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017, are a voted debt margin of \$35,291,310 (including available funds of \$969,289) and an unvoted debt margin of \$633,134.

**NOTE 11 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, general liability, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents have a liability limit of \$117,077,928 with 100% co-insurance. The District's fleet insurance policy has a liability limit of \$1,000,000 each occurrence. The District has liability insurance coverage limits of \$4,000,000 each occurrence and \$6,000,000 annual aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last year.

*Wood County Schools Health Insurance Consortium*

The Wood County Schools Health Insurance Consortium (the "Consortium") is a public entity shared risk pool consisting of six local school districts, two city or exempted village school districts, one vocational school district, and an educational service center. The Consortium is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the Consortium.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Consortium is by written application subject to acceptance by the Administrative Committee and payment of monthly premiums. Financial information may be obtained from Sharon Gillespie, Medical Mutual of Ohio, 3737 Sylvania Avenue, Toledo, Ohio 43623.

*SWOEPC Worker's Compensation Group Rating*

The District participates in the Southwest Ohio Educational Purchasing Council's Worker's Compensation Group Rating Plan, part of a shared services council of governments. This Group Rating Plan allows school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. Each year the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	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 thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$659,344 for fiscal year 2017. Of this amount, \$50,572 is reported as due to other governments.

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

Plan Description – 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](http://www.strsoh.org).

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,979,139 for fiscal year 2017. Of this amount, \$145,061 is reported as due to other governments.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.14480070%	0.12910286%	
Proportion of the net pension liability current measurement date	<u>0.14081740%</u>	<u>0.12378224%</u>	
Change in proportionate share	<u>-0.00398330%</u>	<u>-0.00532062%</u>	
Proportionate share of the net pension liability	\$ 10,306,534	\$ 41,433,647	\$ 51,740,181
Pension expense	\$ 1,132,967	\$ 2,208,204	\$ 3,341,171

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 139,011	\$ 1,674,118	\$ 1,813,129
Net difference between projected and actual earnings on pension plan investments	850,138	3,440,106	4,290,244
Changes of assumptions	688,017	-	688,017
Difference between District contributions and proportionate share of contributions/ change in proportionate share	195,582	-	195,582
District contributions subsequent to the measurement date	<u>659,344</u>	<u>1,979,139</u>	<u>2,638,483</u>
Total deferred outflows of resources	<u>\$ 2,532,092</u>	<u>\$ 7,093,363</u>	<u>\$ 9,625,455</u>
<b>Deferred inflows of resources</b>			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 187,516</u>	<u>\$ 2,196,131</u>	<u>\$ 2,383,647</u>
Total deferred inflows of resources	<u>\$ 187,516</u>	<u>\$ 2,196,131</u>	<u>\$ 2,383,647</u>

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$2,638,483 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$ 441,504	\$ 175,904	\$ 617,408
2019	440,892	175,904	616,796
2020	558,456	1,495,967	2,054,423
2021	244,380	1,070,318	1,314,698
Total	\$ 1,685,232	\$ 2,918,093	\$ 4,603,325

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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
<b>Total</b>	<b><u>100.00 %</u></b>	

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 13,645,209	\$ 10,306,534	\$ 7,511,925

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
<b>Total</b>	<b>100.00 %</b>	<b>7.61 %</b>

\* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 55,061,950	\$ 41,433,647	\$ 29,937,370

**BOWLING GREEN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Changes Between Measurement Date and Report Date* - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to District's NPL is expected to be significant.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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](http://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. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of 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 basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the District's surcharge obligation was \$75,645.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$75,645, \$68,650, and \$102,713, respectively. The fiscal year 2017 amount has been reported as due to other governments. The full amount has been contributed for fiscal years 2016 and 2015.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 13 - POSTEMPLOYMENT BENEFITS – (Continued)**

**B. State Teachers Retirement System**

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

**NOTE 14 - OTHER EMPLOYEE BENEFITS - DEFERRED COMPENSATION PLANS**

The District employees may participate in the Ohio Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan Agreement states that the District and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the plan with the exception of fraud or wrongful taking.

**NOTE 15 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 15 - SET-ASIDES - (Continued)**

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	520,957
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(525,995)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (5,038)</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>

**NOTE 16 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 119,840
Other Governmental	<u>303,428</u>
Total	<u>\$ 423,268</u>

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 at June 30, 2017, if applicable, cannot be determined at this time.

**B. Litigation**

As of the balance sheet date, the District was not involved in any litigation as either defendant or plaintiff.

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 17 - CONTINGENCIES - (Continued)**

**C. Foundation Funding**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**NOTE 18 - SUBSEQUENT EVENT**

The District issued \$4,385,000 in certificates of participation on October 25, 2017 for a school facilities project. The maturity date of the certificates of participation is June 1, 3037 and the interest rates range from 1.05% to 4.0%.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 19,372,839	\$ 19,372,839	\$ 19,762,146	\$ 389,307
Intergovernmental. . . . .	10,941,081	10,312,278	10,991,104	678,826
Earnings on investments . . . . .	55,000	55,000	147,671	92,671
Tuition and fees. . . . .	562,000	530,839	619,951	89,112
Miscellaneous . . . . .	35,000	-	109,607	109,607
<b>Total revenues . . . . .</b>	<b>30,965,920</b>	<b>30,270,956</b>	<b>31,630,479</b>	<b>1,359,523</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Instruction. . . . .	20,764,720	20,700,720	19,455,017	1,245,703
Support services. . . . .	11,931,085	12,000,749	10,570,561	1,430,188
Non-instructional services. . . . .	223,000	287,000	283,877	3,123
Extracurricular activities . . . . .	634,033	634,033	598,306	35,727
Facilities acquisition and construction. . . . .	20,040	20,376	50,194	(29,818)
<b>Total expenditures . . . . .</b>	<b>33,572,878</b>	<b>33,642,878</b>	<b>30,957,955</b>	<b>2,684,923</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	(2,606,958)	(3,371,922)	672,524	4,044,446
<b>Other financing sources (uses):</b>				
Transfers (out). . . . .	(300,000)	(300,000)	(250,000)	50,000
Refund of prior year's expenditures . . . . .	-	-	83,822	83,822
Refund of prior year's receipts. . . . .	(1,000)	(1,000)	(30)	970
<b>Total other financing sources (uses) . . . . .</b>	<b>(301,000)</b>	<b>(301,000)</b>	<b>(166,208)</b>	<b>134,792</b>
Net change in fund balance . . . . .	(2,907,958)	(3,672,922)	506,316	4,179,238
<b>Fund balance at beginning of year . . . . .</b>	<b>12,865,248</b>	<b>12,865,248</b>	<b>12,865,248</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>407,283</b>	<b>407,283</b>	<b>407,283</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 10,364,573</b>	<b>\$ 9,599,609</b>	<b>\$ 13,778,847</b>	<b>\$ 4,179,238</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 506,316
Net adjustment for revenue accruals	1,785,598
Net adjustment for expenditure accruals	318,650
Net adjustment for other sources/uses	166,208
Funds budgeted elsewhere	115,105
Adjustment for encumbrances	249,519
GAAP basis	\$ 3,141,396

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund and the termination benefits fund.

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**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.14081740%	0.14480070%	0.13770900%	0.13770900%
District's proportionate share of the net pension liability	\$ 10,306,534	\$ 8,262,468	\$ 6,969,374	\$ 8,189,112
District's covered-employee payroll	\$ 4,294,957	\$ 4,359,256	\$ 4,001,558	\$ 3,402,478
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	239.97%	189.54%	174.17%	240.68%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

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

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.12378224%	0.12910286%	0.13504783%	0.13504783%
District's proportionate share of the net pension liability	\$ 41,433,647	\$ 35,680,254	\$ 32,848,306	\$ 39,128,687
District's covered-employee payroll	\$ 13,281,379	\$ 13,495,814	\$ 13,798,154	\$ 14,883,243
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	311.97%	264.38%	238.06%	262.90%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

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

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

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 659,344	\$ 601,294	\$ 574,550	\$ 554,616
Contributions in relation to the contractually required contribution	<u>(659,344)</u>	<u>(601,294)</u>	<u>(574,550)</u>	<u>(554,616)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,709,600	\$ 4,294,957	\$ 4,359,256	\$ 4,001,558
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 470,903	\$ 484,645	\$ 439,894	\$ 468,693	\$ 309,885	\$ 357,953
<u>(470,903)</u>	<u>(484,645)</u>	<u>(439,894)</u>	<u>(468,693)</u>	<u>(309,885)</u>	<u>(357,953)</u>
<u>\$ -</u>					
\$ 3,402,478	\$ 3,603,309	\$ 3,499,554	\$ 3,461,544	\$ 3,149,238	\$ 3,645,143
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,979,139	\$ 1,859,393	\$ 1,889,414	\$ 1,793,760
Contributions in relation to the contractually required contribution	<u>(1,979,139)</u>	<u>(1,859,393)</u>	<u>(1,889,414)</u>	<u>(1,793,760)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,136,707	\$ 13,281,379	\$ 13,495,814	\$ 13,798,154
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,934,822	\$ 1,848,230	\$ 1,906,769	\$ 1,891,838	\$ 1,930,306	\$ 1,927,035
<u>(1,934,822)</u>	<u>(1,848,230)</u>	<u>(1,906,769)</u>	<u>(1,891,838)</u>	<u>(1,930,306)</u>	<u>(1,927,035)</u>
<u>\$ -</u>					
\$ 14,883,243	\$ 14,217,150	\$ 14,667,457	\$ 14,552,600	\$ 14,848,507	\$ 14,823,343
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financials for the methods and assumptions in this calculation.

## **SUPPLEMENTARY INFORMATION**

**BOWLING GREEN CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Child Nutrition Grant Cluster:</b>			
(D) (E) School Breakfast Program	10.553	2017	\$ 111,904
(D) (E) National School Lunch Program	10.555	2017	467,283
(C) (D) National School Lunch Program - Food Donation	10.555	2017	148,245
<b>Total National School Lunch Program</b>			<u>615,528</u>
<b>Total Child Nutrition Grant Cluster</b>			<u>727,432</u>
<b>Total U.S. Department of Agriculture</b>			<u>727,432</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Title I Grant:</b>			
Title I Grants to Local Educational Agencies	84.010	2016	97,535
Title I Grants to Local Educational Agencies	84.010	2017	466,174
<b>Total Title I Grants to Local Educational Agencies</b>			<u>563,709</u>
<b>Special Education Grant Cluster:</b>			
(F) Special Education_Grants to States	84.027	2016	1,624
(F) Special Education_Grants to States	84.027	2017	732,604
<b>Total Special Education_Grants to States</b>			<u>734,228</u>
(F) Special Education-Preschool Grants	84.173	2017	20,470
<b>Total Special Education Grant Cluster</b>			<u>754,698</u>
Improving Teacher Quality State Grants	84.367	2016	139
Improving Teacher Quality State Grants	84.367	2017	133,949
<b>Total Improving Teach Quality State Grants</b>			<u>134,088</u>
<b>Total U.S. Department of Education</b>			<u>1,452,495</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,179,927</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

- (A) OAKS did not assign pass-through numbers for fiscal year 2017.
- (B) This schedule includes the federal award activity of the Bowling Green City School District under programs of the federal government for the fiscal year ended June 30, 2017 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Bowling Green City School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Bowling Green City School District.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the fair value.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) CFR 200.414 allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Bowling Green City School District has not elected to use the 10% de minimis indirect cost rate.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Bowling Green City School District  
Wood County  
137 Clough Street  
Bowling Green, Ohio 43402

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bowling Green City School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bowling Green City School District's basic financial statements and have issued our report thereon dated November 22, 2017.

***Internal Control Over Financial Reporting***

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

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

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

Board of Education  
Bowling Green City School District

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 22, 2017



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Bowling Green City School District  
Wood County  
137 Clough Street  
Bowling Green, Ohio 43402

To the Board of Education:

***Report on Compliance for the Major Federal Program***

We have audited the Bowling Green City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Bowling Green City School District's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Bowling Green City School District's major federal program.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

Board of Education  
Bowling Green City School District

***Opinion on the Major Federal Program***

In our opinion, the Bowling Green City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2017.

***Report on Internal Control Over Compliance***

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

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

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

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



Julian & Grube, Inc.  
November 22, 2017

**BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2017**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None