WHEELERSBURG LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2018

J.L. UHRIG AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Board of Education
Wheelersburg Local School District
PO Box 304
Wheelersburg, Ohio 45694

We have reviewed the *Independent Auditor's Report* of the Wheelersburg Local School District, Scioto County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2019

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Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, Ohio 45694

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheelersburg Local School District (District), Scioto County as of and for the year ended June 30, 2018, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no 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.

78 North Plaza Blvd. ~ Chillicothe, OH 45601 740.775.8448 ~ Fax 740.775.8442

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, Ohio as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 4-11 and schedules of net pension/OPEB liabilities and pension/OPEB 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 inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 assurance.

Supplementary and Other Information

We audited to opine on the School District's financial statements that collectively comprise its basic financial statements.

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures 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 a report dated December 12, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 12, 2018

The discussion and analysis of the Wheelersburg Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

In total, Net Position increased $6,406,747.

Total expenses decreased $7,508,662 mainly as a result of changes made during the fiscal year by the STRS retirement system.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity: governmental activities. Governmental activities report all of the School District's educational programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Fiduciary Funds **-** The School District's fiduciary funds are two private purpose trust funds and one agency fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net Position for fiscal years 2018 and 2017:

Table 1
Net Position

	Governmental Activities		
	2018	Restated 2017	Increase/ (Decrease)
Assets:			
Current Assets	$8,821,749	$8,455,093	$366,656
Capital Assets, Net	29,246,820	30,583,196	(1,336,376)
Total Assets	38,068,569	39,038,289	(969,720)
Deferred Outflow of Resources:			
Deferred Charge on Refunding	561,892	599,351	(37,459)
Pension	5,277,779	4,416,028	861,751
OPEB	195,841	30,565	165,276
Total Deferred Outflows of Resources	6,035,512	5,045,944	989,568
Liabilities:			
Current and Other Liabilities	1,620,080	1,603,389	16,691
Long-Term Liabilities:			
Due Within One Year	641,352	729,865	(88,513)
Due In More Than One Year:			
Net Pension Liability	16,889,369	23,049,008	(6,159,639)
Net OPEB Liability	3,748,111	4,656,805	(908,694)
Other Amounts	9,402,740	9,837,772	(435,032)
Total Liabilities	32,301,652	39,876,839	(7,575,187)
Deferred Inflow of Resources:			
Property Taxes	3,945,662	3,808,345	137,317
Pension	608,081	0	608,081
OPEB	442,890	0	442,890
Total Deferred Inflows of Resources	4,996,633	3,808,345	1,188,288
Net Position:			
Net Investment in Capital Assets	21,121,817	21,837,350	(715,533)
Restricted	2,281,914	1,992,409	289,505
Unrestricted (Deficit)	(16,597,935)	(23,430,710)	6,832,775
Total Net Position	$6,805,796	$399,049	$6,406,747

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $5,025,289 to $399,049.

Overall, a decrease of $969,720 occurred within Total Assets when compared to the prior fiscal year. The main reason for the decrease is the decrease of capital assets due to depreciation expense being greater than current fiscal year additions.

Total Liabilities decreased $7,575,187 for fiscal year 2018. Net Pension Liability decreased $6,159,639 as a result of changes made during the fiscal year by the STRS retirement system.

Net Investment in Capital Assets decreased $715,533 as a result of current fiscal year depreciation exceeding current fiscal year asset additions. Unrestricted net position for governmental activities increased by $6,832,775 primarily due to the decrease in the Net Pension Liability.

Table 2 shows the changes in net Position for fiscal years 2018 and 2017.

Table 2
Change in Net Position

	Governmental Activities		Increase/
	2018	Restated 2017	(Decrease)
Revenues:			
Program Revenues:			
Charges for Services and Sales	$3,545,253	$3,270,934	$274,319
Operating Grants, Contributions and Interest	2,562,462	2,178,121	384,341
Total Program Revenues	6,107,715	5,449,055	658,660
General Revenues:			
Property Taxes	4,334,159	4,094,835	239,324
Grants and Entitlements not Restricted to Specific Programs	6,754,584	7,291,707	(537,123)
Contributions and Donations	52,247	21,766	30,481
Investment Earnings	32,009	17,096	14,913
Miscellaneous	128,842	70,184	58,658
Total General Revenues	11,301,841	11,495,588	(193,747)
Total Revenues	$17,409,556	$16,944,643	$464,913

Table 2
Change in Net Position
(continued)

	Governmental Activities 2018	Governmental Activities Restated 2017	Increase/ (Decrease)
Program Expense:			
Instruction:			
Regular	3,465,341	8,801,308	(5,335,967)
Special	1,740,254	2,342,644	(602,390)
Vocational	22,757	12,445	10,312
Student Interventions Services	107,089	98,684	8,405
Support Services:			
Pupils	480,845	765,076	(284,231)
Instructional Staff	229,229	278,389	(49,160)
Board of Education	49,952	84,064	(34,112)
Administration	621,371	1,248,982	(627,611)
Fiscal	362,691	403,630	(40,939)
Business	0	3,320	(3,320)
Operation and Maintenance of Plant	1,250,212	1,537,411	(287,199)
Pupil Transportation	490,428	616,020	(125,592)
Central	57,755	139,764	(82,009)
Operation of Non-Instructional Services	774,394	909,809	(135,415)
Extracurricular Activities	981,985	888,738	93,247
Interest and Fiscal Charges	368,506	381,187	(12,681)
Total Expenses	11,002,809	18,511,471	(7,508,662)
Change in Net Position	6,406,747	(1,566,828)	$7,973,575
Net Position at Beginning of Year - Restated	399,049	N/A	
Net Position at End of Year	$6,805,796	$399,049	

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $30,565 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $590,462. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$11,002,809
Negative OPEB expense under GASB 75	590,462
2018 contractually required contribution	40,618
Adjusted 2018 program expenses	11,633,889
Total 2017 program expenses under GASB 45	18,511,471
Decrease in program expenses not related to OPEB	($6,877,582)

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their

COLA assumption. (See Note 11) As a result of these changes, pension expense decreased from $1,934,343 in fiscal year 2017 to a negative pension expense of $5,239,719 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

Program Expenses:	2018 Program Expenses Related to Negative Pension Expense
Instruction:	
Regular	($3,828,094)
Special	(631,231)
Support Services:	
Pupils	(201,171)
Instructional Staff	(38,593)
Administration	(446,685)
Fiscal	(6,512)
Operation and Maintenance of Plant	(24,284)
Pupil Transportation	(13,399)
Central	(33,963)
Operation of Non-Instructional Services:	
Food Service Operations	(15,787)
Total Expenses	($5,239,719)

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were $6,107,715 of total revenues for fiscal year 2018. The $658,660 increase in mainly due an increase in tuition and fees revenue associated with an increase in open enrollment. The increase in operating grants is mainly due to an increase in State funding which is related to an increase in special education funding received during fiscal year 2018.

General revenues represent $11,301,841 of the School District's total revenues, a decrease of $193,747. The decrease is primarily due to a decrease in unrestricted grants and entitlements revenue as a result of the School District receiving less in unrestricted State foundation funding compared to the prior fiscal year.

The major program expense for governmental activities, as expected, is for instruction, which accounts for $11,002,809 of all governmental expenses. The decrease is mostly due to the negative pension expenses as a result of the decrease in net pension liability. The net pension liability decreased $6,159,639 primarily as a result of changes made during the fiscal year by the STRS retirement system.

The School District's Funds

Information about the School District's most significant funds starts on page 14. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $17,361,099 and expenditures of $17,197,832. The net change in fund balance for the fiscal year in the General Fund was a decrease of $42,612, which is insignificant.

The Bond Retirement Debt Service Fund had an insignificant change with an increase of $1,860.

General Fund - Budget Highlights

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

During fiscal year 2018, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects a $303,222 increase between the original budget and final budget revenues. The large increase is mainly due to an increase in forecasted property tax revenue due to an increase in assessed values. For fiscal year 2018, there was also an increase between the final budget and actual revenues of $30,717.

The difference in expenditures from the original to the final budget was $13,083. The decrease in expenditures from the final budget to actual expenditures was $55,068, which is mostly related to the School District monitoring expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $29,246,820 invested in capital assets (net of accumulated depreciation), a decrease of $1,336,376. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2018, the School District had outstanding general obligation bonds and bond premiums in the amount of $7,679,858, including a debt refunding that occurred during fiscal year 2013. The School District also had outstanding lease-purchase agreements with total outstanding amounts of $1,428,573. The School District's long-term obligations also include compensated absences and net pension/OPEB liabilities. For further information regarding the School District's long-term obligations, refer to Notes 14 and 15 to the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. George Grice, Treasurer, at Wheelersburg Local School District, P.O. Box 340, Wheelersburg, Ohio 45694, or via e-mail at george.grice@wheelersburg.net.

Wheelersburg Local School District

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$4,090,108
Materials and Supplies Inventory	15,531
Accrued Interest Receivable	10,336
Intergovernmental Receivable	108,398
Prepaid Items	131,517
Property Taxes Receivable	4,465,859
Capital Assets:	
Land and Construction in Progress	1,001,961
Depreciable Capital Assets, Net	28,244,859
Total Assets	38,068,569
Deferred Outflow Of Resources:	
Deferred Charge on Refunding	561,892
Pension	5,277,779
OPEB	195,841
Total Deferred Outflow Of Resources	6,035,512
Liabilities:	
Accounts Payable	37,758
Accrued Wages and Benefits Payable	1,293,748
Contracts Payable	24,105
Intergovernmental Payable	246,785
Accrued Interest Payable	17,274
Matured Compensated Absences Payable	410
Long-Term Liabilities:	
Due Within One Year	641,352
Due In More Than One Year:	
Net Pension Liability (See Note 11)	16,889,369
Net OPEB Liability (See Note 12)	3,748,111
Other Amounts	9,402,740
Total Liabilities	32,301,652
Deferred Inflow Of Resources:	
Property Taxes	3,945,662
Pension	608,081
OPEB	442,890
Total Deferred Inflow Of Resources	4,996,633
Net Position:	
Net Investment in Capital Assets	21,121,817
Restricted for:	
Debt Service	880,460
Capital Projects	495,582
Other Purposes:	
Food Services	34,171
Classroom Facilities	473,883
Student Activities	174,764
Local Grants	175,957
State and Federal Grants	47,097
Unrestricted (Deficit)	(16,597,935)
Total Net Position	$6,805,796

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$3,465,341	$2,638,522	$134,073	($692,746)
Special	1,740,254	132,752	1,432,178	(175,324)
Vocational	22,757	0	8,344	(14,413)
Student Intervention Services	107,089	0	0	(107,089)
Support Services:				
Pupils	480,845	20,149	0	(460,696)
Instructional Staff	229,229	0	17,821	(211,408)
Board of Education	49,952	0	0	(49,952)
Administration	621,371	0	0	(621,371)
Fiscal	362,691	0	0	(362,691)
Operation and Maintenance of Plant	1,250,212	0	0	(1,250,212)
Pupil Transportation	490,428	0	299,124	(191,304)
Central	57,755	0	0	(57,755)
Operation of Non-Instructional Services	774,394	279,784	478,147	(16,463)
Extracurricular Activities	981,985	474,046	192,775	(315,164)
Interest and Fiscal Charges	368,506	0	0	(368,506)
Total Governmental Activities	$11,002,809	$3,545,253	$2,562,462	(4,895,094)

General Revenues:	
Property Taxes Levied for:	
General Purposes	3,338,132
Debt Service	536,234
Capital Outlay	394,287
Facility Maintenance	65,506
Grants and Entitlements not Restricted to Specific Programs	6,754,584
Contributions and Donations	52,247
Investment Earnings	32,009
Miscellaneous	128,842
Total General Revenues	11,301,841
Change in Net Position	6,406,747
Net Position at Beginning of Year - Restated (See Note 3)	399,049
Net Position at End of Year	$6,805,796

See accompanying notes to the basic financial statements

Wheelersburg Local School District

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$1,920,262	$831,444	$1,338,402	$4,090,108
Receivables:				
Property Taxes	3,441,589	551,855	472,415	4,465,859
Intergovernmental	42,996	0	65,402	108,398
Accrued Interest	10,336	0	0	10,336
Interfund	8,029	0	0	8,029
Prepaid Items	131,517	0	0	131,517
Materials and Supplies Inventory	15,531	0	0	15,531
Total Assets	$5,570,260	$1,383,299	$1,876,219	$8,829,778
Liabilities:				
Accounts Payable	$30,612	$0	$7,146	$37,758
Accrued Wages and Benefits Payable	1,216,359	0	77,389	1,293,748
Contracts Payable	0	0	24,105	24,105
Intergovernmental Payable	233,461	0	13,324	246,785
Interfund Payable	0	0	8,029	8,029
Matured Compensated Absences Payable	410	0	0	410
Total Liabilities	1,480,842	0	129,993	1,610,835
Deferred Inflows of Resources:				
Property Taxes	3,044,001	485,565	416,096	3,945,662
Unavailable Revenue	313,079	50,716	73,320	437,115
Total Deferred Inflows of Resources	3,357,080	536,281	489,416	4,382,777
Fund Balances:				
Nonspendable	147,048	0	0	147,048
Restricted	0	847,018	1,304,087	2,151,105
Committed	143,934	0	0	143,934
Assigned	665,235	0	0	665,235
Unassigned (Deficit)	(223,879)	0	(47,277)	(271,156)
Total Fund Balances	732,338	847,018	1,256,810	2,836,166
Total Liabilities and Fund Balances	$5,570,260	$1,383,299	$1,876,219	$8,829,778

See accompanying notes to the basic financial statements

Wheelersburg Local School District

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

Total Governmental Fund Balances		$2,836,166
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	931,568	
Construction in progress	70,393	
Depreciable capital assets	45,025,616	
Accumulated depreciation	(16,780,757)	
Total		29,246,820
Some of the School District's revenues will be collected after fiscal year-end but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
Delinquent property taxes	399,869	
Intergovernmental	30,296	
Accrued Interest	6,950	
Total		437,115
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in governmental funds		
Deferred Outflows - Pension	5,277,779	
Deferred Outflows - OPEB	195,841	
Net Pension Liability	(16,889,369)	
Net OPEB Liability	(3,748,111)	
Deferred Inflows - Pension	(608,081)	
Deferred Inflows - OPEB	(442,890)	
Total		(16,214,831)
Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds.		561,892
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(17,274)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(6,465,000)	
Bond premium	(769,217)	
Accretion on capital appreciation bonds	(445,641)	
Capital leases	(1,428,573)	
Compensated absences	(935,661)	
Total		(10,044,092)
Net Position of Governmental Activities		$6,805,796

See accompanying notes to the basic financial statements

Wheelersburg Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$3,310,286	$531,481	$455,760	$4,297,527
Intergovernmental	7,698,152	66,063	1,279,514	9,043,729
Investment Earnings	19,919	0	12,489	32,408
Tuition and Fees	2,707,343	0	0	2,707,343
Extracurricular Activities	20,149	0	474,046	494,195
Rentals	0	0	15,400	15,400
Customer Sales and Service	89,880	0	238,435	328,315
Contributions and Donations	7,614	0	305,726	313,340
Miscellaneous	125,599	0	3,243	128,842
Total Revenues	13,978,942	597,544	2,784,613	17,361,099
Expenditures:				
Current:				
Instruction:				
Regular	7,540,137	0	128,940	7,669,077
Special	1,723,851	0	648,747	2,372,598
Vocational	22,757	0	0	22,757
Student Intervention Services	121,972	0	0	121,972
Support Services:				
Pupils	683,240	0	5,167	688,407
Instructional Staff	243,907	0	16,687	260,594
Board of Education	48,602	0	0	48,602
Administration	1,109,463	0	10,474	1,119,937
Fiscal	332,325	12,853	13,229	358,407
Operation and Maintenance of Plant	1,157,153	0	73,620	1,230,773
Pupil Transportation	486,661	0	78,249	564,910
Central	91,940	0	0	91,940
Operation of Non-Instructional Services	165,247	0	625,032	790,279
Extracurricular Activities	223,842	0	644,998	868,840
Capital Outlay	0	0	60,592	60,592
Debt Service:				
Principal Retirement	69,000	370,000	192,359	631,359
Interest and Fiscal Charges	1,457	212,831	82,500	296,788
Total Expenditures	14,021,554	595,684	2,580,594	17,197,832
Net Change in Fund Balances	(42,612)	1,860	204,019	163,267
Fund Balances at Beginning of Year	774,950	845,158	1,052,791	2,672,899
Fund Balances at End of Year	$732,338	$847,018	$1,256,810	$2,836,166

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds			$163,267
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
	Capital asset additions	155,586	
	Construction in progress additions	70,393	
	Depreciation expense	(1,537,636)	
Excess of depreciation expense over capital outlay			(1,311,657)
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a gain or loss on the sale of capital assets in the Statement of Activities.			
	Loss on disposal of capital assets		(24,719)
Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:			
	Delinquent property taxes	36,632	
	Intergovernmental	11,188	
	Investment earnings	637	
Total			48,457
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.			
	Pension	1,173,590	
	OPEB	40,618	
Total			1,214,208
Except for amounts reported as deferred inflows/outflows, changes in the net pension/ OPEB liabilities are reported as pension expense in the Statement of Activities.			
	Pension	5,239,719	
	OPEB	590,462	
Total			5,830,181
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:			
	Bond payments	370,000	
	Capital lease payments	261,359	
Total			631,359
Accretion and amortization of bond premiums, the deferred charges on refunding, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.			
	Decrease in accrued interest	924	
	Amortization of bond premium	51,048	
	Amortization of deferred charges on refunding	(37,459)	
	Accretion of Capital Appreciation Bonds	(86,231)	
Total			(71,718)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These activities consist of:			
	Increase in compensated absences payable		(72,631)
Change in Net Position of Governmental Activities			$6,406,747

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$3,088,400	$3,339,966	$3,339,966	$0
Intergovernmental	7,821,205	7,765,889	7,753,966	(11,923)
Investment Earnings	40,000	40,000	37,989	(2,011)
Tuition and Fees	2,576,372	2,666,868	2,707,343	40,475
Extracurricular Activities	20,749	20,100	20,149	49
Contributions and Donations	1,100	7,700	7,614	(86)
Miscellaneous	2,000	12,525	16,738	4,213
Total Revenues	13,549,826	13,853,048	13,883,765	30,717
Expenditures:				
Current:				
Instruction:				
Regular	7,607,204	7,528,607	7,501,354	27,253
Special	1,565,263	1,722,478	1,696,549	25,929
Vocational	12,000	22,730	22,757	(27)
Student Intervention Services	102,240	108,015	107,656	359
Support Services:				
Pupils	684,070	687,002	684,079	2,923
Instructional Staff	270,429	246,842	244,412	2,430
Board of Education	83,527	80,693	80,138	555
Administration	1,127,129	1,114,047	1,121,322	(7,275)
Fiscal	347,062	337,528	338,538	(1,010)
Business	4,000	2,547	2,547	0
Operation and Maintenance of Plant	1,295,338	1,293,878	1,296,932	(3,054)
Pupil Transportation	548,629	539,074	536,467	2,607
Central	95,111	95,587	95,343	244
Operation of Non-Instructional Services	164,570	153,315	152,902	413
Extracurricular Activities	242,852	230,707	226,986	3,721
Debt Service:				
Principal Retirement	69,000	69,000	69,000	0
Interest and Fiscal Charges	2,000	1,457	1,457	0
Total Expenditures	14,220,424	14,233,507	14,178,439	55,068
Excess of Revenues Under Expenditures	(670,598)	(380,459)	(294,674)	85,785
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,000	0	0	0
Refund of Prior Year Expenditures	145,000	155,751	155,751	0
Refund of Prior Year Receipts	(100)	(100)	0	100
Transfers In	424,919	429,919	428,919	(1,000)
Transfers Out	(425,000)	(425,000)	(428,919)	(3,919)
Advances Out	(60,000)	(60,000)	(8,029)	51,971
Total Other Financing Sources (Uses)	85,819	100,570	147,722	47,152
Net Change in Fund Balance	(584,779)	(279,889)	(146,952)	132,937
Fund Balance at Beginning of Year	1,713,014	1,713,014	1,713,014	0
Prior Year Encumbrances Appropriated	230,732	230,732	230,732	0
Fund Balance at End of Year	$1,358,967	$1,663,857	$1,796,794	$132,937

See accompanying notes to the basic financial statements

Wheelersburg Local School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	Private Purpose Trust Funds	Agency Fund
Assets:		
Equity in Pooled Cash and Cash Equivalents	$376,673	$67,934
Liabilities:		
Undistributed Monies	0	$67,934
Net Position:		
Held in Trust for Scholarships	$376,673	

See accompanying notes to the basic financial statements

Wheelersburg Local School District

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Funds
	Scholarships
Additions:	
Contributions and Donations	$9,236
Interest	6,716
Miscellaneous	1,250
Total Additions	17,202
Deductions:	
Payments in Accordance with Trust Agreements	16,250
Change in Net Position	952
Net Position at Beginning of Year	375,721
Net Position at End of Year	$376,673

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Wheelersburg Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1859 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 17 square miles. It is located in Scioto County, and includes most of Porter Township. It is staffed by 52 non-certificated employees, 99 certificated full-time teaching personnel and nine administrative employees who provide services to 1,612 students and other community members. The School District currently operates one instructional building, one administrative building, and one garage.

Reporting Entity

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

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

The School District participates in five organizations, two of which are defined as jointly governed organizations, two as insurance purchasing pools, and one as a public entity shared risk pool. These organizations are presented in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organization:
- Metropolitan Educational Technology Association (META)
- Southern Ohio Academy

Insurance Purchasing Pools:
- Ohio School Plan
- Ohio SchoolComp Group Retrospective Rating Program

Public Entity Shared Risk Pool:
- Optimal Health Initiatives Consortium

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wheelersburg Local School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

> Bond Retirement Fund - The Bond Retirement Debt Service Fund is used to account for and report property taxes restricted for the payment of, general obligation bond principal and interest.

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

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

The private purpose trust funds are reported using the economic flow of resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the Statements of Net Position will sometimes 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 School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and for pension and OPEB plans. 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 life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources included property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund Balance Sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, interest, and intergovernmental grants. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 13. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Notes 11 and 12).

Expenses/Expenditures

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

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

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled for investment with the exception of lease proceeds related to the new facilities construction project. Monies for all other funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2018, the School District's investments were limited to STAR Ohio, a Money Market Mutual Fund, Negotiable Certificates of Deposits, Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Bonds. Investments, other than STAR Ohio, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

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

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transactions to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $19,919, which includes $2,107 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". Interfund balances are eliminated in the Statement of Net Position.

Prepaid Items

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is $1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	10 - 40 years
Buildings and Improvements	15 - 30 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 12 years
Textbooks	10 years

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

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

Pensions/Other Postemployment Benefits (OPEB)

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2019 appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include resources restricted for food service operations, music and athletic programs, donations received for athletic stadium renovations, property tax revenues received for the maintenance of facilities, and federal and State grants restricted to expenditures for specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

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.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on the net position as reported June 30, 2017:

Net Position June 30, 2017	$5,025,289
Adjustments:	
Net OPEB Liability	(4,656,805)
Deferred Outflow - Payments Subsequent to Measurement Date	30,565
Restated Net Position June 30, 2017	$399,049

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 4 – ACCOUNTABILITY

The following funds had a deficit fund balance as of June 30, 2018:

Special Education Part B- IDEA Fund	$47
Title I Fund	47,219
Improving Teacher Quality - Title II-A Fund	11
Total	$47,277

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

6. Unrecorded cash represents amounts expended but not included as expenditures on the budget basis operating statements. These amounts are included as expenditures on the GAAP basis operating statements.

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

Net Change in Fund Balance	
GAAP Basis	($42,612)
Adjustments:	
Revenue Accruals	39,639
Expenditure Accruals	(11,378)
Encumbrances	(145,507)
Advances	(8,029)
Net Decrease in Fair Value of Investments - Fiscal Year 2017	(595)
Net Decrease in Fair Value of Investments - Fiscal Year 2018	22,039
Unrecord Cash - Fiscal Year 2017	(509)
Budget Basis	($146,952)

NOTE 6 – DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State Statute into three categories.

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

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

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

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

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

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Investments

At June 30, 2018, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAROhio	$1,273,649	Less than one year	AAAm	29.97%
Fair Value - Level One Inputs:				
Money Market Mutual Fund	59,305	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	2,020,776	Less than three years	N/A	47.55
Federal Home Loan Bank Bonds	497,395	Less than one years	AAA	11.70
Federal Home Loan Mortgage Corporation Bonds	398,452	Less than two years	AAA	9.38
Total Fair Value - Level Two Inputs	2,916,623			
Total Investments	$4,249,577			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2018. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Standard and Poor's ratings for the School District's investments are listed in the table above. The School District has no policy on credit risk beyond the requirements in State statutes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy does not address this risk beyond the requirements in State Statutes.

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2018, was $120,328 and is recognized as revenue: $91,459 in the General Fund, $15,574 in the Bond Retirement Debt Service Fund, and $13,295 in the Other Governmental Funds. The amount available as an advance at June 30, 2017, was $158,242 and is recognized as revenue: $121,139 in the General Fund, $19,953 in the Bond Retirement Debt Service Fund, and $17,150 in the Other Governmental Funds.

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

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

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$148,681,810	86.37%	$148,682,260	84.91%
Public Utility Personal	23,454,080	13.63%	26,430,910	15.09%
Total Assessed Value	$172,135,890	100.00%	$175,113,170	100.00%
Tax rate per $1,000 of assessed valuation	$33.81		$33.81	

NOTE 8 – RECEIVABLES

Receivables at June 30, 2018, consisted of property taxes, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Strategies for Secondary Transition	$415
Special Education, Part B-IDEA	27,682
Title IV. Student Support and Enrichment	3,226
Title VI-B, Rural Education Initiative	3,394
Title II-A, Improving Teacher Quality	8,700
Early Childhood Education	21,985
STRS Reimbursement	3,052
Bureau of Workers Compensation Refund	39,944
Total Intergovernmental Receivables	$108,398

NOTE 9 – CAPITAL ASSETS

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

	Restated Balance At 6/30/2017	Additions	Deletions	Balance At 6/30/2018
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$931,568	$0	$0	$931,568
Construction in Progress	0	70,393	0	70,393
Total Capital Assets Not Being Depreciated	931,568	70,393	0	1,001,961
Depreciable Capital Assets:				
Land Improvements	1,498,910	0	0	1,498,910
Buildings and Improvements	39,154,768	0	(5,283)	39,149,485
Furniture, Fixtures and Equipment	2,675,686	77,337	(47,663)	2,705,360
Vehicles	1,138,259	78,249	0	1,216,508
Textbooks	455,353	0	0	455,353
Total Depreciable Capital Assets	44,922,976	155,586	(52,946)	45,025,616
Land Improvements	(702,191)	(67,268)	0	(769,459)
Buldings and Improvements	(11,616,075)	(1,291,366)	2,289	(12,905,152)
Furniture, Fixtures and Equipment	(1,777,414)	(122,832)	25,938	(1,874,308)
Vehicles	(765,851)	(56,170)	0	(822,021)
Textbooks	(409,817)	0	0	(409,817)
Total Accumulated Depreciation	(15,271,348)	(1,537,636) *	28,227	(16,780,757)
Total Capital Assets Being Depreciated, Net	29,651,628	(1,382,050)	(24,719)	28,244,859
Governmental Activities Capital Assets, Net	$30,583,196	($1,311,657)	($24,719)	$29,246,820

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$782,149
Special	181,705
Support Services:	
Pupils	61,701
Instructional Staff	25,967
Board of Education	1,350
Administration	86,517
Fiscal	26,408
Operation and Maintenance of Plant	117,104
Pupil Transportation	53,338
Central	8,615
Operation of Non-Instructional Services	44,467
Extracurricular Activities	148,315
Total Depreciation Expense	$1,537,636

NOTE 10 – RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has joined with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to Hylant Administrative Services, LLC. During fiscal year 2018, the School District contracted with the Ohio School Plan for liability, fleet, and property insurance coverage.

Settled claims have not exceeded this commercial coverage in any of the past four fiscal years. Insurance coverage has stayed consistent from the previous fiscal year.

Employee Medical and Dental Benefits

The School District participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (Note 17), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, Ohio Healthcare Plan, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

Workers' Compensation

For fiscal year 2018, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 17). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers' Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OBEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $259,476 for fiscal year 2018. Of this amount, $33,423 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $914,114 for fiscal year 2018. Of this amount, $133,066 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05690960%	0.05641485%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.05604880%	0.05700044%	
Change in Proportionate Share	-0.00086080%	0.00058559%	
Proportionate Share of the Net			
Pension Liability	$3,348,793	$13,540,576	$16,889,369
Pension Expense	($78,989)	($5,160,730)	($5,239,719)

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

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$144,120	$522,873	$666,993
Changes of assumptions	173,169	2,961,473	3,134,642
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	93,483	209,071	302,554
School District contributions subsequent to the measurement date	259,476	914,114	1,173,590
Total Deferred Outflows of Resources	$670,248	$4,607,531	$5,277,779
Deferred Inflows of Resources:			
Differences between expected and actual experience	$0	$109,132	$109,132
Net difference between projected and actual earnings on pension plan investments	15,896	446,855	462,751
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	36,198	0	36,198
Total Deferred Inflows of Resources	$52,094	$555,987	$608,081

$1,173,590 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$181,472	$676,972	$858,444
2020	214,881	1,284,849	1,499,730
2021	40,393	910,030	950,423
2022	(78,068)	265,579	187,511
Total	$358,678	$3,137,430	$3,496,108

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$4,647,253	$3,348,793	$2,261,066

<u>Actuarial Assumptions - STRS</u>

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016, are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	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 commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016, actuarial valuation, 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 no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$19,409,956	$13,540,576	$8,596,504

NOTE 12 – DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was $31,008.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $40,618 for fiscal year 2018. Of this amount, $32,246, is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.05752670%	0.05641485%	
Proportion of the Net OPEB Liability Current Measurement Date	0.05679260%	0.05700044%	
Change in Proportionate Share	-0.00073410%	0.00058559%	
Proportionate Share of the Net OPEB Liability	$1,524,164	$2,223,947	$3,748,111
OPEB Expense	$83,692	($674,154)	($590,462)

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

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$0	$128,380	$128,380
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	26,843	26,843
School District contributions subsequent to the measurement date	40,618	0	40,618
Total Deferred Outflows of Resources	$40,618	$155,223	$195,841
Deferred Inflows of Resources:			
Changes of assumptions	$144,635	$179,146	$323,781
Net difference between projected and actual earnings on OPEB plan investments	4,025	95,057	99,082
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	20,027	0	20,027
Total Deferred Inflows of Resources	$168,687	$274,203	$442,890

$40,618 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($60,666)	($27,751)	($88,417)
2020	(60,666)	(27,751)	(88,417)
2021	(46,348)	(27,751)	(74,099)
2022	(1,007)	(27,752)	(28,759)
2023	0	(3,987)	(3,987)
Thereafter	0	(3,988)	(3,988)
Total	($168,687)	($118,980)	($287,667)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as pension plan, see Note 11.

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	$1,840,622	$1,524,164	$1,273,449

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	$1,236,745	$1,524,164	$1,904,568

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	$2,985,613	$2,223,947	$1,621,982

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$1,545,103	$2,223,947	$3,117,385

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 30 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

Special Termination Benefit Payable

Since 2006 employees eligible to retire were offered a special termination benefit. A bargaining unit employee who becomes eligible under the Ohio Revised Code Section 3307.38 and elects to take service retirement through STRS and provides the School District with notice by the regular February Board of Education meeting is entitled to receive a one-time lump-sum payment, less payroll withholdings. For the fiscal year ended June 30, 2018, there were no employees who retired and were eligible for the bonus.

Insurance

The School District provides life insurance to most employees through the Metropolitan Educational Technology Association, health and dental insurance through the Optimal Health Initiatives Consortium, and vision benefits through Vision Service Plan.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was 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 until termination, retirement, death or an unforeseeable emergency.

NOTE 14 – CAPITALIZED LEASE – LESSEE DISCLOSURE

During fiscal year 2008, the School District entered into a lease-purchase agreement for constructing its new facilities. The terms of the agreement transfers ownership of the building to the School District at the expiration of the lease term. The School District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority deposited $582,000 with U.S. Bank National Association, who will serve as the fiscal agent for the monies. The School District will utilize the monies held by U.S. Bank National Association to pay for the costs that are beyond those authorized to be funded by the Ohio School Facilities Commission. In turn, the School District will make semi-annual lease payments to U.S. Bank National Association. Interest rates are based on a calculation of the TBMA index. The lease is renewable annually and expired in fiscal year 2018. The intention of the School District is to renew the lease annually and make payments using the general revenues of the School District. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis.

At fiscal year-end, capital assets under this lease have been capitalized as buildings and improvements in the Statement of Net Position for governmental activities. At fiscal year-end, the total amount of the proceeds from the capital lease had been spent toward the construction project. A liability was recorded on the Statement of Net Position for governmental activities in the amount of $582,000, which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2018 totaled $69,000 and were paid from the General Fund.

During a prior fiscal year, the School District entered into a lease-purchase agreement for constructing its new athletic complex facilities. The terms of the agreement transfers ownership of the complex to the School District at the expiration of the lease term. The School District is leasing the project site to WesBanco Bank, Inc. and WesBanco Bank, Inc. is in turn subleasing the site and athletic complex project back to the School District. Under the terms of the lease, WesBanco Bank, Inc. will provide the School District with lease-purchase financing proceeds not to exceed $2.5 million. The School District used these proceeds to pay for the construction of the athletic complex and received proceeds as it incurred expenditures for the project.

The School District will make semi-annual lease payments to WesBanco Bank, Inc. The lease is renewable annually and expires in fiscal year 2026. The intention of the School District is to renew the lease annually and make payments using the general revenues of the School District. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis.

During fiscal year 2013, the School District received the remaining amount of the lease proceeds. A liability was recorded on the Statement of Net Position for governmental activities in the amount of $2,500,000 which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2018 totaled $178,571 and were paid from the Capital Improvement Fund. The lease proceeds were used as part of the overall project; therefore, specific leased assets cannot be identified.

During fiscal year 2015, the School District entered into a capitalized lease for copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. The copiers acquired by lease were capitalized in the amount of $48,541, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2018 totaled $13,788 and were paid from the Capital Improvement Fund.

The copiers acquired through the capital lease as of June 30, 2018, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Athletic Complex	$3,155,307	($691,638)	$2,463,669

The following is a schedule of the future long-term minimum lease payments required under the capital leases for the Columbus Regional Airport Authority for the new facilities and the WesBanco agreement for the Athletic Complex.

Fiscal Year Ending June 30,	Athletic Complex
2019	$253,571
2020	243,571
2021	233,571
2022	223,571
2023	213,571
2024-2026	580,720
Total	1,748,575
Less: Amount Representing Interest	(320,002)
Present Value of Net Minimum Lease Payments	$1,428,573

NOTE 15 – LONG-TERM OBLIGATIONS

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

	Amount Outstanding 6/30/17	Additions	Deductions	Amount Outstanding 6/30/18	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2013 Refunding Bonds:					
Term Bonds 3.00 to 3.375%	$4,710,000	$0	$0	$4,710,000	$0
Serial Bonds 2.00 to 4.00%	2,035,000	0	370,000	1,665,000	385,000
Premium on Debt Issue	820,265	0	51,048	769,217	0
CAB Bonds 3.19 to 3.44%	90,000	0	0	90,000	0
Accretion on CABs	359,410	86,231	0	445,641	0
Total General Obligation Bonds	8,014,675	86,231	421,048	7,679,858	385,000
Net Pension Liability:					
STRS	18,883,751	0	5,343,175	13,540,576	0
SERS	4,165,257	0	816,464	3,348,793	0
Total Net Pension Liability	23,049,008	0	6,159,639	16,889,369	0
Net OPEB Liability:					
STRS	3,017,081	0	793,134	2,223,947	0
SERS	1,639,724	0	115,560	1,524,164	0
Total Net OPEB Liability	4,656,805	0	908,694	3,748,111	0
Capital Leases - New Facilities	69,000	0	69,000	0	0
Capital Lease - Athletic Complex	1,607,144	0	178,571	1,428,573	178,571
Capital Lease - Copiers	13,788	0	13,788	0	0
Compensated Absences	863,030	127,547	54,916	935,661	77,781
Total Governmental Activities Long-Term Obligations	$42,930,255	$213,778	$8,714,350	$34,429,683	$641,352

2013 Classroom Facilities Refunding Bonds - On July, 25, 2012, the School District issued $7,075,000 in general obligation bonds for the purpose of advance refunding a portion of the 2005 Classroom Facilities General Obligation Serial and Term Bonds. The bonds were issued for a 21 year period with final maturity in December 2032. The bonds will be retired from the Bond Retirement Fund.

The term bonds issued at $4,710,000 and maturing on December 1, 2032, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

Fiscal Year Ending June 30,	Amount
2026	$495,000
2027	530,000
2028	550,000
2029	570,000
2030	610,000
2031	630,000
2032	650,000
2033	675,000
Total	$4,710,000

The serial bonds issued at $2,275,000, with maturity dates of December 1, 2012, to December 1, 2021, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after June 1, 2022, at the redemption price of 100 percent.

The capital appreciation bonds of the 2013 Classroom Facilities General Obligation Refunding Bonds, issued at $90,000, are not subject to redemption prior to maturity. The capital appreciation bonds will mature in fiscal years 2023, 2024, and 2025 in the amounts of $475,000, $495,000, and $490,000, respectively. Accretion on the capital appreciation bonds for fiscal year 2018 was $86,231.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: the General Fund and Public School Preschool, Title I, Special Education Part B – IDEA, Improving Teacher Quality – Title II-A, Special Revenue Funds. For Additional information related to the net pension/OPEB liability see Note 11 and Note 12.

Capital leases are paid from the General Fund and the Capital Improvement Fund. Compensated absences will be paid from the General Fund.

The School District’s overall legal debt margin was $10,142,203 with an unvoted debt margin of $175,113 at June 30, 2018.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2018, are as follows:

2013 Classroom Facilities Refunding General Obligations Bonds

Fiscal Year Ending June 30,	Serial/Term Bonds Principal	Serial/Term Bonds Interest	Capital Appreciation Bond Principal	Capital Appreciation Bond Interest	Total
2019	$385,000	$201,507	$0	$0	$586,507
2020	400,000	189,732	0	0	589,732
2021	430,000	175,132	0	0	605,132
2022	450,000	157,520	0	0	607,520
2023	0	588,532	30,000	445,000	1,063,532
2024-2028	1,575,000	1,603,435	60,000	925,000	4,163,435
2029-2033	3,135,000	266,017	0	0	3,401,017
Totals	$6,375,000	$3,193,266	$90,000	$1,370,000	$11,028,266

NOTE 16 – INTERFUND ACTIVITY

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

		Advances From
		General Fund
Advances To	Nonmajor Governmental Funds	$8,029

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY SHARED RISK POOL

Metropolitan Educational Technology Association (META)

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META's Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid META $24,091 for services provided during the fiscal year. Financial information can be obtained from META Solutions, David Varda, CFO, 100 Executive Drive, Marion Ohio 43302.

Southern Ohio Academy

The School District is a participant in the Southern Ohio Academy, a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a nine-member Board of Directors. The Board membership consists of superintendents from Bloom Vernon, Clay, Green, Manchester, Minford, New Boston, Northwest, Oak Hill, Valley, Washington Nile, and Wheelersburg school districts. Because ORC requires an odd number of members, the Board has determined that Board membership will rotate annually with one school district not being represented each year. The Academy was formed to offer students a nontraditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from Andrew T. Riehl, fiscal agent for the Southern Ohio Academy, at the South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662, or by calling 740-354-0234.

As of July 1, 2017, the Southern Ohio Academy's Sponsor chose not to renew the sponsor agreement. After attempts to find a new sponsor were unsuccessful, at the September 15, 2017, Board meeting, the governing board of the Academy voted to proceed with the closure of the Academy due to the inability to find a sponsor.

Insurance Purchasing Pools

Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Ohio SchoolComp Group Retrospective Rating Program

The School District participates in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The GRRP's business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to CompManagement, Inc. to cover the costs of administering the program.

Public Entity Shared Risk Pool

Optimal Health Initiatives Consortium

The School District is a member of the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, Ohio Healthcare Plan, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economies of scale to create cost-savings. The Council's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charles Leboeuf, CPA, MCM CPAs & Advisors, 3536 Edwards Road, Cincinnati, Ohio 45208.

NOTE 18 – SET-ASIDE CALCULATIONS

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

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

	Capital Acquisitions
Set-aside Balance as of June 30, 2017	$0
Current Fiscal Year Set-aside Requirement	286,094
Current Fiscal Year Offsets	(459,615)
Qualifying Disbursements	(136,390)
Totals	($309,911)
Set-aside Balance as of June 30, 2018	$0

Although the School District had offsets and qualifying expenditures for capital acquisitions that exceeded the set-aside requirements, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore are not presented as being carried forward to the next fiscal year.

NOTE 19 - FUND BALANCES

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

Fund Balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepaids	$131,517	$0	$0	$131,517
Inventory	15,531	0	0	15,531
Total Nonspendable	147,048	0	0	147,048
Restricted for:				
Bond Retirement	0	847,018	0	847,018
Food Service Operations	0	0	34,171	34,171
Student Activities	0	0	174,764	174,764
Local Grants	0	0	175,957	175,957
Other State and Federal Grants	0	0	16,859	16,859
Capital Improvements	0	0	434,186	434,186
Classroom Facilities	0	0	468,150	468,150
Total Restricted	0	847,018	1,304,087	2,151,105
Committed to				
Future Severance Payments	143,934	0	0	143,934
Assigned to:				
Purchases on Order	86,233	0	0	86,233
Future Appropriations	579,002	0	0	579,002
Total Assigned	665,235	0	0	665,235
Unassigned (Deficit)	(223,879)	0	(47,277)	(271,156)
Total Fund Balances	$732,338	$847,018	$1,256,810	$2,836,166

NOTE 20 – CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

The School District is not a party to any legal proceeding as of June 30, 2018.

NOTE 21 – SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	$145,507
Nonmajor Governmental Funds	563,981
Total	$709,488

Contractual Commitments

The following table provides a summary of the outstanding contractual commitments as of June 30, 2018:

Project	Contract Amount	Work Completed to Date	Contract Remaining
Tennis Court Project	$220,505	$11,886	$208,619
Track Renovations	222,038	24,106	197,932
Fieldhouse Addition	63,396	34,401	28,995
Total	$505,939	$70,393	$435,546

Wheelersburg Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.05604880%	0.05690960%	0.05491530%
School District's Proportionate Share of the Net Pension Liability	$3,348,793	$4,165,257	$3,133,519
School District's Covered Payroll	$1,857,207	$1,856,986	$1,629,257
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	180.31%	224.30%	192.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2015	2014
0.05268700%	0.05268700%
$2,666,459	$3,133,127
$1,530,977	$1,472,107
174.17%	212.83%
71.70%	65.52%

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Wheelersburg Local School District

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Two Fiscal Years (1)

	2018	2017
School District's Proportion of the Net OPEB Liability	0.05679260%	0.05752670%
School District's Proportionate Share of the Net OPEB Liability	$1,524,164	$1,639,724
School District's Covered Payroll	$1,857,207	$1,856,986
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	82.07%	88.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

Wheelersburg Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.05700044%	0.05641485%	0.05620087%
School District's Proportionate Share of the Net Pension Liability	$13,540,576	$18,883,751	$15,532,276
School District's Covered Payroll	$6,125,557	$6,183,250	$5,863,971
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	221.05%	305.40%	264.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2015	2014
0.05576526%	0.05576526%
$13,564,040	$16,157,397
$5,728,923	$5,799,854
236.76%	278.58%
74.70%	69.30%

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Wheelersburg Local School District

Required Supplementary Information

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

School Teachers Retirement System of Ohio

Last Two Fiscal Years (1)

	2018	2017
School District's Proportion of the Net OPEB Liability	0.05700044%	0.05641485%
School District's Proportionate Share of the Net OPEB Liability	$2,223,947	$3,017,081
School District's Covered Payroll	$6,125,557	$6,183,250
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	36.31%	48.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

Wheelersburg Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$259,476	$260,009	$259,978	$214,736
Contributions in Relation to the Contractually Required Contribution	(259,476)	(260,009)	(259,978)	(214,736)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,922,044	$1,857,207	$1,856,986	$1,629,257
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
Net OPEB Liability				
Contractually Required Contribution (2)	40,618	30,565	28,487	41,600
Contributions in Relation to the Contractually Required Contribution	(40,618)	(30,565)	(28,487)	(41,600)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	2.11%	1.65%	1.53%	2.55%
Total Contributions as a Percentage of Covered Payroll (2)	15.61%	15.65%	15.53%	15.73%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$212,193	$203,740	$117,174	$179,193	$238,931	$155,307
(212,193)	(203,740)	(117,174)	(179,193)	(238,931)	(155,307)
$0	$0	$0	$0	$0	$0
$1,530,977	$1,472,107	$871,181	$1,425,563	$1,764,632	$1,578,328
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
28,633	27,372	26,326	43,008	31,575	88,683
(28,633)	(27,372)	(26,326)	(43,008)	(31,575)	(88,683)
$0	$0	$0	$0	$0	$0
1.87%	1.86%	3.02%	3.02%	1.79%	5.62%
15.73%	15.70%	16.47%	15.59%	15.33%	15.46%

Wheelersburg Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$914,114	$857,578	$865,655	$820,956
Contributions in Relation to the Contractually Required Contribution	(914,114)	(857,578)	(865,655)	(820,956)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (2)	$6,529,386	$6,125,557	$6,183,250	$5,863,971
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$744,760	$753,981	$750,091	$778,672	$77,449	$735,830
(744,760)	(753,981)	(750,091)	(778,672)	(77,449)	(735,830)
$0	$0	$0	$0	$0	$0
$5,728,923	$5,799,854	$5,769,931	$5,989,785	$5,955,762	$5,660,231
13.00%	13.00%	13.00%	13.00%	1.30%	13.00%
$57,289	$57,999	$57,699	$59,898	$58,559	$56,602
(57,289)	(57,999)	(57,699)	(59,898)	(58,559)	(56,602)
$0	$0	$0	$0	$0	$0
1.00%	1.00%	1.00%	1.00%	0.98%	1.00%
14.00%	14.00%	14.00%	14.00%	2.28%	14.00%

NET PENSION LIABILITY

Changes in Assumptions - SERS

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	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 commences on fifth anniversary of retirement date.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70% of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, 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 no set back from age 90 and above.

NET OPEB LIABILITY

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

WHEELERSBURG LOCAL SCHOOL DISTRICT

Schedule of Federal Awards Receipts and Expenditures

For the Fiscal Year Ended June 30, 2018

Federal Grantor / Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Passed through to Subrecipient	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture							
Passed Through Ohio Department of Education:							
Nutrition Cluster:							
School Breakfast Program	2018/2017	10.553	$0	$90,629	$0	$90,629	$0
National School Lunch Program	2018/2017	10.555	0	194,022	34,155	194,022	34,155
Total Nutrition Cluster			0	284,651	34,155	284,651	34,155
Total U.S. Department of Agriculture			0	284,651	34,155	284,651	34,155
U.S. Department of Education							
Passed Through Ohio Department of Education:							
Title I Grants to Local Educational Agencies	2017	84.010	0	37,032	0	51,151	0
Title I Grants to Local Educational Agencies	2018	84.010	0	329,145	0	326,614	0
Total Title I			0	366,177	0	377,765	0
Special Education Cluster:							
Special Education - Grants to States (IDEA Part B)	2017	84.027	0	21,828	0	26,666	0
Special Education - Grants to States (IDEA Part B)	2018	84.027	0	221,587	0	256,858	0
Total Special Education Cluster			0	243,415	0	283,524	0
Improving Teacher Quality	2017	84.367	0	6,992	0	8,970	0
Improving Teacher Quality	2018	84.367	0	53,903	0	51,863	0
Total Improving Teacher Quality				60,895		60,833	
Rural Education	2018	84.358	0	28,851	0	26,864	0
Total Rural Education			0	28,851	0	26,864	0
Student Support	2018	84.424	0	6,329	0	8,150	0
Total Student Support			0	6,329	0	8,150	0
Total U.S. Department of Education			0	705,667	0	757,136	0
Total Federal Financial Assistance			$0	$990,318	$34,155	$1,041,787	$34,155

NOTE A – <u>BASIS OF PRESENTATION</u>

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

NOTE B - <u>SIGNIFICANT ACCOUNTING POLICIES</u>

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE C - <u>CHILD NUTRITION CLUSTER</u>

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

NOTE D – <u>FOOD DONATION PROGRAM</u>

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

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

Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, Ohio 45694

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheelersburg Local School District (the School District), Scioto County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of supporting our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

78 North Plaza Blvd. ~ Chillicothe, OH 45601 740.775.8448 ~ Fax 740.775.8442

Compliance and Other Matters

As part of obtaining reasonable assurance whether the School District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion 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 that are required to be reported under *Governmental Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 12, 2018

J.L. UHRIG
AND ASSOCIATES INC.
CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance

Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, Ohio 45694

Report on Compliance for Each Major Federal Program

We have audited the Wheelersburg Local School District (the School District), Scioto County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that could directly and materially affect the School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material aspects, with the compliance requirements referred to above that could directly and materially affect its major federal programs identified in the *Summary of Auditor's Results* in the accompanying schedule of findings for the year ended June 30, 2018.

78 North Plaza Blvd. ~ Chillicothe, OH 45601 JLU 740.775.8448 ~ Fax 740.775.8442

Report on Internal Control over Compliance

Management of Wheelersburg Local School District is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the applicable requirements that could have a direct and material effect on the major federal programs, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with an applicable compliance requirement of a federal program on a timely basis. 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's compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with an applicable compliance requirement of a federal program 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be a material weakness or significant deficiency. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 12, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1.	***Type of Financial Statement Opinion***	Unmodified
2.	***Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?***	No
3.	***Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?***	No
4.	***Was there any material noncompliance reported at the financial statement level (GAGAS)?***	No
5.	***Were there any material internal control weaknesses reported for major federal programs?***	No
6.	***Were there any other significant internal control deficiency reported for major federal programs?***	No
7.	***Type of Major Programs' Compliance Opinion***	Unmodified
8.	***Are there any reportable findings under 2 CFR §200.516(a)?***	No
9.	***Major Programs (list):***	CFDA # 10.553/10.555 Nutrition Cluster CFDA # 84.027 Special Education Cluster
10.	***Dollar Threshold: Type A/B Programs***	Type A: >$750,000 Type B: All Other Programs
11.	***Low Risk Auditee under 2 CFR §200.520?***	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

C. FINDINGS FOR FEDERAL AWARDS

There were no findings related to Federal Awards to be reported.

OHIO AUDITOR OF STATE
KEITH FABER

WHEELERSBURG LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 5, 2019