ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTICT
BELMONT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

St. Clairsville-Richland City School District
Belmont County
108 Woodrow Avenue
St. Clairsville, Ohio 43950

To the Board of Education

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), 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 as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, and Schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019, 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.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

February 12, 2019

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The discussion and analysis of St. Clairsville-Richland City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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 basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- Net position increased $7,983,316.

- General revenues accounted for $14,486,300 in revenue or approximately 76 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $4,693,626 or approximately 24 percent of total revenues in the amount of $19,179,926.

- Total assets increased $293,160, primarily due to increases in cash and cash equivalents. Total liabilities decreased $7,322,640 primarily due to a decrease in the net pension liability.

- The School District had $11,196,610 in expenses related to governmental activities; only $4,693,626 of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues in the amount of $14,486,300 were adequate to provide for these programs.

- Total Governmental funds had $19,468,070 in revenues and $18,617,357 in expenditures. Overall, including other financing sources and uses, total Governmental Fund balances increased $850,713.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether, 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 tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District's activities are all considered to be Governmental Activities including instruction, support services, operation and maintenance of plant, pupil transportation, food service, debt service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Schoolwide Pool Special Revenue Fund.

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

Reporting the District's Fiduciary Responsibilities

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2018 compared to 2017.

Table 1
Net Position
Governmental Activities

	2018	2017	Change
Assets			
Current and Other Assets	$13,174,976	$12,694,748	$480,228
Capital Assets	8,957,968	9,145,036	(187,068)
Total Assets	22,132,944	21,839,784	293,160
Deferred Outflows of Resources			
Pension	6,236,749	4,999,190	1,237,559
OPEB	260,337	26,856	233,481
Total Deferred Outflows of Resources	6,497,086	5,026,046	1,471,040
Liabilities			
Current and Other Liabilities	1,983,045	2,063,823	(80,778)
Long-Term Liabilities:			
Due Within One Year	248,350	264,833	(16,483)
Due in More than One Year:			
Net Pension Liability	18,010,756	24,216,064	(6,205,308)
Net OPEB Liability	3,881,952	4,788,408	(906,456)
Other Amounts	1,525,740	1,639,355	(113,615)
Total Liabilities	25,649,843	32,972,483	(7,322,640)
Deferred Inflows of Resources			
Property Taxes	8,926,706	8,921,810	4,896
Pension	670,454	27,686	642,768
OPEB	455,860	0	455,860
Total Deferred Inflows of Resources	10,053,020	8,949,496	1,103,524
Net Position (Deficit)			
Net Investment in Capital Assets	8,070,867	8,068,142	2,725
Restricted	355,009	331,646	23,363
Unrestricted	(15,498,709)	(23,455,937)	7,957,228
Total Net Position (Deficit)	($7,072,833)	($15,056,149)	$7,983,316

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 (deficit) net position at June 30, 2017, from ($10,294,597) to ($15,056,149).

Total assets increased $293,160. Current and other assets increased $480,228 primarily due to increases in cash and cash equivalents, and property taxes receivable as a result of assessed valuation increases. These increases were offset by a decrease in excess cost intergovernmental receivable. Capital assets decreased $187,068 as annual depreciation exceeded capital asset additions for fiscal year 2018.

Total liabilities decreased $7,322,640. Current and other liabilities decreased in the amount of $80,778 primarily due to decreases in intergovernmental payable related to the outstanding liability related to the School District's previous involvement in the operations of Fox Run Center for Children and Adolescents. This decrease was offset by increases in accrued wages and benefits as the School District had four pays for accrued wages and benefits at fiscal year-end as opposed to three in the prior year. Long-term liabilities decreased $7,241,862, primarily due to significant decreases in net pension liability as well as the net OPEB liability. These decreases were compounded, to a lesser extent, by annual debt service on the School District's long-term obligations.

In order to further understand what makes up the changes in net position for the current year, the following tables gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position
Governmental Activities

	2018	2017	Change
Revenues			
Program Revenue			
Charges for Services	$3,174,167	$2,954,257	$219,910
Operating Grants and Contributions	1,511,320	1,835,478	(324,158)
Capital Grants and Contributions	8,139	0	8,139
Total Progam Revenue	4,693,626	4,789,735	(96,109)
General Revenue			
Property Taxes	9,794,855	9,028,344	766,511
Grants and Entitlements	4,395,426	4,411,832	(16,406)
Gifts and Donations	202,694	179,931	22,763
Investments	4,134	3,612	522
Gain on Sale of Capital Assets	0	4,800	(4,800)
Miscellaneous	89,191	46,933	42,258
Total General Revenue	14,486,300	13,675,452	810,848
Total Revenues	**$19,179,926**	**$18,465,187**	**$714,739**

Table 2
Changes in Net Position (Continued)
Governmental Activities

	2018	2017	Change
Program Expenses			
Instruction:			
Regular	$4,680,511	$9,528,161	($4,847,650)
Special	890,091	2,179,653	(1,289,562)
Vocational	16,209	30,891	(14,682)
Support Services:			
Pupil	332,112	881,465	(549,353)
Instructional Staff	136,314	259,701	(123,387)
Board of Education	22,034	24,301	(2,267)
Administration	668,501	1,273,634	(605,133)
Fiscal	548,357	567,385	(19,028)
Business	1,850	4,523	(2,673)
Operation and Maintenance of Plant	1,454,076	1,617,267	(163,191)
Pupil Transportation	507,392	582,037	(74,645)
Central	340,513	277,090	63,423
Operation of Non-Instructional Services	198,133	346,830	(148,697)
Food Service Operations	517,885	542,846	(24,961)
Extracurricular Activities	849,096	1,047,273	(198,177)
Interest and Fiscal Charges	33,536	40,101	(6,565)
Total Expenses	**11,196,610**	**19,203,158**	**(8,006,548)**
Change in Net Position	7,983,316	(737,971)	8,721,287
Restatement	0	(4,761,552)	4,761,552
Net Position Beginning of Year	(15,056,149)	(9,556,626)	(5,499,523)
Net Position End of Year	**($7,072,833)**	**($15,056,149)**	**$7,983,316**

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 $26,856 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 $646,148. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$11,196,610
Negative OPEB expense under GASB 75	646,148
2018 contractually required contribution	37,929
Adjusted 2018 program expenses	11,880,687
Total 2017 program expenses under GASB 45	19,203,158
Decrease in program expenses not related to OPEB	($7,322,471)

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 $2,106,717 in fiscal year 2017 to a negative pension expense of $5,549,256 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	($3,691,941)
Special	(691,933)
Vocational	(15,479)
Support Services:	
Pupils	(431,806)
Instructional Staff	(68,251)
Administration	(436,499)
Fiscal	(12,599)
Operation and Maintenance of Plant	(29,101)
Pupil Transportation	(20,279)
Central	(8,525)
Operation of Non-Instructional Services	(3,106)
Food Service Operations	(5,746)
Extracurricular Activities	(133,991)
Total Expenses	($5,549,256)

Instruction comprises approximately 50 percent of governmental program expenses, and reflected a decrease of $6,151,894 from the prior year. In total, program expenses decreased $8,006,548, primarily due to the decrease in pension expense, as previously addressed.

Program revenues accounted for approximately 24 percent of the School District's revenues in fiscal year 2018**.** In 2018 program revenues decreased $96,109, primarily due to a decrease in operating grants and contributions related to decreases in federal funding. The decrease was primarily offset by an increase in charges for services due to increases in tuition and fees for open enrollment, as well as, excess cost fees received from other school districts.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2018 compared to fiscal year 2017.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction:				
Regular	$4,680,511	$9,528,161	$2,067,212	$6,860,914
Special	890,091	2,179,653	241,833	1,374,949
Vocational	16,209	30,891	195	14,744
Support Services				
Pupil	332,112	881,465	314,538	860,230
Instructional Staff	136,314	259,701	128,856	224,514
Board of Education	22,034	24,301	22,034	24,301
Administration	668,501	1,273,634	659,285	1,250,977
Fiscal	548,357	567,385	548,357	567,385
Business	1,850	4,523	1,850	4,523
Operation and Maintenance of Plant	1,454,076	1,617,267	1,439,063	1,615,967
Pupil Transportation	507,392	582,037	507,392	582,037
Central	340,513	277,090	241,371	277,090
Operation of Non-Instructional Services	198,133	346,830	(66,746)	62,892
Food Service Operations	517,885	542,846	(38,750)	18,355
Extracurricular Activities	849,096	1,047,273	402,958	634,444
Interest and Fiscal Charges	33,536	40,101	33,536	40,101
Total Expenses	$11,196,610	$19,203,158	$6,502,984	$14,413,423

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 58 percent of program expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting**.** The School District has two major funds, the General Fund and the Schoolwide Pool Special Revenue Fund. The General Fund had $17,313,118 in revenues and $13,812,037 in expenditures. Including other financing uses, the General Fund's balance increased $683,063 primarily due to an increase in property taxes as a result of increases in assessed valuation. The Schoolwide Pool Fund had $257,806 in revenues and $2,873,481 in expenditures. Including other financing sources, the Schoolwide Pool had no change in fund balance.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The School District did not modify its original revenue estimates, as such, there are no changes between original and final. The notable changes between the final estimates and actual revenues reflect increases in both property tax revenue and tuition and fees revenue. In total, the changes between original and final appropriations were not significant, as budgeted regular instruction costs were increased. Actual results of operation differed from the budget, as expenditures were less than budgeted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2018, the School District had $8,957,968 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles, net of depreciation. Table 4 shows fiscal 2018 balances compared to 2017:

Table 4
Capital Assets Net of Depreciation
Government Activities

	2018	2017
Land	$1,135,482	$826,883
Land Improvements	1,253,722	1,316,268
Buildings and Improvements	5,885,826	6,233,967
Furniture, Fixtures, and Equipment	434,200	480,994
Vehicles	248,738	286,924
Totals	$8,957,968	$9,145,036

For more information on capital assets see Note 8 to the basic financial statements.

Debt

At June 30, 2018, the School District had $10,455 outstanding in energy conservation loans with the remaining amount due within one year. The School District also had $876,646 outstanding in capital leases with $166,247 due within one year. See Note 16 for more information on the long-term obligations of the School District, including long-term intergovernmental payable, compensated absences, and net pension and net OPEB liabilities.

Economic Factors

The St. Clairsville-Richland School District is 78 square miles which encompasses the County Seat, a shopping mall, and shopping plaza area in Belmont County.

The School District's primary revenue source is real property taxes. The major assessed valuation changes have been related to mineral values and public utility values, primarily due to oil and gas production, and pipeline installation. Oil and gas production can vary based on market needs, and as a result, the tax revenues to the School District can vary accordingly. The pipelines that have been installed within the boundaries of the School District are the Texas Eastern, and the Rover. The assessed valuation associated with the oil and gas development has changed dramatically in the last couple of years however, they only represent small percentage of the total assessed valuation. The major source of assessed valuation is residential and commercial real estate. In regard to assessed valuation, 2018 is the State mandated sexennial reappraisal year for Belmont County. The effect the reappraisal will have on the assessed valuation is not yet fully known.

The School District's disadvantaged population is approximately 28 percent of our total population, which is 20 percent lower than the corresponding State-wide average of other local, exempted village and city school districts. In addition, our community's median income is 10 percent higher than the same respective State-wide average. In regard to State funding, for fiscal year 2018, our state share index was 13.85 percent. This amount reflects the State's contribution to the School District from State formula funding. Additionally, the School District relied heavily on the transitional aid guarantee which represented 38.61 percent of State formula funding in fiscal year 2018.

The School District is involved in two tax increment financing (TIF) projects. The first is with Belmont County for business development, including the construction of an overpass over Interstate 70. The second is with the City of St. Clairsville for new infrastructure in the St. Clair Commons development. For additional information regarding the TIF projects and their related financial effects, see Note 7.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Amy Porter, Treasurer/CFO at St. Clairsville-Richland City School District, 108 Woodrow Avenue, St. Clairsville, Ohio 43950.

St. Clairsville-Richland City School District
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$3,048,570
Intergovernmental Receivable	303,455
Prepaid Items	6,396
Materials and Supplies Inventory	19,228
Property Taxes Receivable	9,614,200
Cash and Cash Equivalents with Fiscal Agents	183,127
Non-Depreciable Capital Assets	1,135,482
Depreciable Capital Assets, Net	7,822,486
Total Assets	22,132,944
Deferred Outflows of Resources	
Pension	6,236,749
OPEB	260,337
Total Deferred Outflows of Resources	6,497,086
Liabilities	
Accounts Payable	62,261
Accrued Wages and Benefits Payable	1,443,443
Intergovernmental Payable	447,857
Matured Severance Payable	2,591
Accrued Interest Payable	8,494
Retirement Incentive Payable	10,000
Claims Payable	8,399
Long-Term Liabilities:	
Due Within One Year	248,350
Due In More Than One Year:	
Net Pension Liability	18,010,756
Net OPEB Liability	3,881,952
Other Amounts	1,525,740
Total Liabilities	25,649,843
Deferred Inflows of Resources	
Property Taxes	8,926,706
Pension	670,454
OPEB	455,860
Total Deferred Inflows of Resources	10,053,020
Net Position (Deficit)	
Net Investment in Capital Assets	8,070,867
Restricted for:	
State Programs	87,775
Federal Programs	22,952
Food Service	16,463
Other Purposes	227,819
Unrestricted	(15,498,709)
Total Net Position (Deficit)	($7,072,833)

See accompanying notes to the basic financial statements

St. Clairsville-Richland City 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 and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$4,680,511	$2,373,204	$240,095	$0	($2,067,212)
Special	890,091	0	648,258	0	(241,833)
Vocational	16,209	0	16,014	0	(195)
Support Services:					
Pupil	332,112	0	17,574	0	(314,538)
Instructional Staff	136,314	0	7,458	0	(128,856)
Board of Education	22,034	0	0	0	(22,034)
Administration	668,501	320	8,896	0	(659,285)
Fiscal	548,357	0	0	0	(548,357)
Business	1,850	0	0	0	(1,850)
Operation and Maintenance of Plant	1,454,076	1,200	5,674	8,139	(1,439,063)
Pupil Transportation	507,392	0	0	0	(507,392)
Central	340,513	99,142	0	0	(241,371)
Operation of Non-Instructional Services	198,133	0	264,879	0	66,746
Food Service Operations	517,885	254,163	302,472	0	38,750
Extracurricular Activities	849,096	446,138	0		(402,958)
Interest and Fiscal Charges	33,536	0	0	0	(33,536)
Total Governmental Activities	$11,196,610	$3,174,167	$1,511,320	$8,139	(6,502,984)
	General Revenues				
	Property Taxes Levied for General Purposes				9,794,855
	Grants and Entitlements not Restricted to Specific Programs				4,395,426
	Gifts and Donations				202,694
	Investment Earnings				4,134
	Miscellaneous				89,191
	Total General Revenues				14,486,300
	Change in Net Position				7,983,316
	Net Position (Deficit) Beginning of Year - Restated (Note 3)				(15,056,149)
	Net Position (Deficit) End of Year				($7,072,833)

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Balance Sheet
Governmental Funds
June 30, 2018

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$2,640,906	$0	$396,664	$3,037,570
Cash and Cash Equivalents with Fiscal Agents	183,127	0	0	183,127
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	11,000	0	0	11,000
Receivables:				
Property Taxes	9,614,200	0	0	9,614,200
Intergovernmental	104,429	0	199,026	303,455
Interfund	69,142	405,458	0	474,600
Prepaid Items	6,396	0	0	6,396
Materials and Supplies Inventory	13,672	0	5,556	19,228
Total Assets	$12,642,872	$405,458	$601,246	$13,649,576
Liabilities				
Accounts Payable	$50,113	$0	$12,148	$62,261
Accrued Wages and Benefits	998,750	383,200	61,493	1,443,443
Claims Payable	8,399	0	0	8,399
Matured Severance Payable	2,591	0	0	2,591
Retirement Incentive Payable	10,000	0	0	10,000
Interfund Payable	348,854	0	125,746	474,600
Intergovernmental Payable	415,906	22,258	9,693	447,857
Total Liabilities	1,834,613	405,458	209,080	2,449,151
Deferred Inflows of Resources				
Property Taxes	8,926,706	0	0	8,926,706
Unavailable Revenue	232,489	0	47,849	280,338
Total Deferred Inflows of Resources	9,159,195	0	47,849	9,207,044
Fund Balances				
Nonspendable:				
Inventories	13,672	0	5,556	19,228
Prepaid Items	6,396	0	0	6,396
Restricted for:				
State Programs	0	0	87,775	87,775
Food Service Operations	0	0	10,907	10,907
Underground Storage Tank Premium	11,000	0	0	11,000
Other Purposes	0	0	216,819	216,819
Assigned to Capital Projects	0	0	48,157	48,157
Assigned to Purchases on Order	437,348	0	0	437,348
Unassigned (Deficit)	1,180,648	0	(24,897)	1,155,751
Total Fund Balances	1,649,064	0	344,317	1,993,381
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$12,642,872	$405,458	$601,246	$13,649,576

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$1,993,381
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.		8,957,968
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Intergovernmental	47,849	
Property Taxes	172,489	
Tuition and Fees	60,000	
Total		280,338
In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in the governmental funds, an interest expenditure is reported when due.		(8,494)
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Energy Conservation Loan	10,455	
Capital Leases	876,646	
Compensated Absences	876,989	
Intergovernmental Payable	10,000	
Total		(1,774,090)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	6,236,749	
Deferred Outflows - OPEB	260,337	
Net Pension Liability	(18,010,756)	
Net OPEB Liability	(3,881,952)	
Deferred Inflows - Pension	(670,454)	
Deferred Inflows - OPEB	(455,860)	
Total		(16,521,936)
Net Position of Governmental Activities		($7,072,833)

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$9,731,744	$0	$0	$9,731,744
Intergovernmental	4,689,809	257,806	1,025,920	5,973,535
Interest	3,938	0	196	4,134
Tuition and Fees	2,665,809	0	0	2,665,809
Extracurricular Activities	11,303	0	434,835	446,138
Rent	0	0	1,520	1,520
Gifts and Donations	47,974	0	154,720	202,694
Charges for Services	99,142	0	254,163	353,305
Miscellaneous	63,399	0	25,792	89,191
Total Revenues	17,313,118	257,806	1,897,146	19,468,070
Expenditures				
Current:				
Instruction:				
Regular	6,617,680	2,687,306	8,019	9,313,005
Special	1,172,658	176,873	420,103	1,769,634
Vocational	32,819	0	0	32,819
Support Services:				
Pupil	870,492	0	20,930	891,422
Instructional Staff	191,470	0	5,400	196,870
Board of Education	18,553	0	0	18,553
Administration	1,193,276	9,302	15,544	1,218,122
Fiscal	578,825	0	0	578,825
Business	0	0	1,850	1,850
Operation and Maintenance of Plant	1,419,874	0	5,529	1,425,403
Pupil Transportation	498,909	0	0	498,909
Central	358,681	0	0	358,681
Operation of Non-Instructional Services	12,057	0	198,560	210,617
Food Service Operations	0	0	503,533	503,533
Extracurricular Activities	411,627	0	589,278	1,000,905
Capital Outlay	373,200	0	0	373,200
Debt Service:				
Principal Retirement	54,746	0	135,047	189,793
Interest and Fiscal Charges	7,170	0	28,046	35,216
Total Expenditures	13,812,037	2,873,481	1,931,839	18,617,357
Excess of Revenues Over (Under) Expenditures	3,501,081	(2,615,675)	(34,693)	850,713
Other Financing Sources (Uses)				
Transfers In	0	2,615,675	202,343	2,818,018
Transfers Out	(2,818,018)	0	0	(2,818,018)
Total Other Financing Sources (Uses)	(2,818,018)	2,615,675	202,343	0
Net Change in Fund Balances	683,063	0	167,650	850,713
Fund Balances Beginning of Year	966,001	0	176,667	1,142,668
Fund Balances End of Year	$1,649,064	$0	$344,317	$1,993,381

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

Reconciliation of the 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		$850,713
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Assets Additions	394,730	
Depreciation	(589,937)	
Total		(195,207)
Capital Contributions of assets that are not reported in the funds but are additions to capital assets on the entity-wide statements.		8,139
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Intergovernmental	(66,789)	
Property Taxes	63,111	
Tuition and Fees	(292,605)	
Total		(296,283)
Repayment of principal and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Energy Conservation Loan	28,341	
Capital Leases	161,452	
Total		189,793
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.		1,680
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.		
Intergovernmental Payable	(5,000)	
Compensated Absences	64,695	
Total		(59,695)
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	1,250,843	
OPEB	37,929	
Total		1,288,772
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as expense in the Statement of Activities.		
Pension	5,549,256	
OPEB	646,148	
Total		6,195,404
Changes in Net Position of Governmental Activities		$7,983,316

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

Statement of Revenues, Expenditures and Changes

In Fund Balance - Budget (Non-GAAP Basis) and Actual

General Fund

For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	$9,400,820	$9,400,820	$9,515,369	$114,549
Intergovernmental	4,649,747	4,649,747	4,691,569	41,822
Interest	2,500	2,500	3,938	1,438
Tuition and Fees	2,170,400	2,170,400	2,665,809	495,409
Extracurricular Activities	0	0	11,303	11,303
Gifts and Donations	26,000	26,000	47,974	21,974
Charges for Services	101,000	101,000	99,142	(1,858)
Miscellaneous	45,800	45,800	63,399	17,599
Total Revenues	16,396,267	16,396,267	17,098,503	702,236
Expenditures				
Current:				
Instruction:				
Regular	6,786,427	7,286,427	6,904,917	381,510
Special	1,347,438	1,347,438	1,280,173	67,265
Vocational	21,926	21,926	39,600	(17,674)
Support Services:				
Pupil	835,886	835,886	877,746	(41,860)
Instructional Staff	214,496	214,496	191,053	23,443
Board of Education	20,937	20,937	20,007	930
Administration	1,162,298	1,162,298	1,195,801	(33,503)
Fiscal	570,532	570,532	569,956	576
Operation and Maintenance of Plant	1,429,797	1,429,797	1,460,834	(31,037)
Pupil Transportation	549,878	549,878	598,291	(48,413)
Central	368,486	368,486	353,922	14,564
Operation of Non-Instructional Services	13,715	13,715	11,984	1,731
Extracurricular Activities	358,204	358,204	402,003	(43,799)
Capital Outlay	131,627	131,627	468,051	(336,424)
Debt Service:				
Principal Retirement	28,334	28,334	28,341	(7)
Interest and Fiscal Charges	999	999	993	6
Total Expenditures	13,840,980	14,340,980	14,403,672	(62,692)
Excess of Revenues Over Expenditures	2,555,287	2,055,287	2,694,831	639,544
Other Financing Sources (Uses)				
Advances In	70,000	70,000	70,000	0
Transfers Out	(3,564,971)	(3,564,971)	(2,798,268)	766,703
Total Other Financing Sources (Uses)	(3,494,971)	(3,494,971)	(2,728,268)	766,703
Net Change in Fund Balance	(939,684)	(1,439,684)	(33,437)	1,406,247
Fund Balance Beginning of Year	2,405,816	2,405,816	2,405,816	0
Prior Year Encumbrances Appropriated	253,950	253,950	253,950	0
Fund Balance End of Year	$1,720,082	$1,220,082	$2,626,329	$1,406,247

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

Statement of Revenues, Expenditures and Changes

In Fund Balance - Budget (Non-GAAP Basis) and Actual

Schoolwide Pool Fund

For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Total Revenues	$0	$0	$0	$0
Expenditures				
Current:				
Instruction:				
Regular	2,512,682	2,662,682	2,604,417	58,265
Special	127,384	127,384	171,985	(44,601)
Support Services:				
Administration	16,449	16,449	9,302	7,147
Total Expenditures	2,656,515	2,806,515	2,785,704	20,811
Excess of Revenues Under Expenditures	(2,656,515)	(2,806,515)	(2,785,704)	20,811
Other Financing Sources (Uses)				
Advances Out	0	0	(264)	(264)
Transfers In	2,936,000	3,086,000	2,838,860	(247,140)
Total Other Financing Sources (Uses)	2,936,000	3,086,000	2,838,596	(247,404)
Net Change in Fund Balance	279,485	279,485	52,892	(226,593)
Fund Deficit Beginning of Year	(280,250)	(280,250)	(280,250)	0
Prior Year Encumbrances Appropriated	500	500	500	0
Fund Balance (Deficit) End of Year	($265)	($265)	($226,858)	($226,593)

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Statement of Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$2,377	$38,802
Investments	10,467	0
Total Assets	12,844	$38,802
Liabilities		
Undistributed Monies	0	$5,690
Due to Students	0	33,112
Total Liabilities	0	$38,802
Net Position		
Held in Trust for Scholarships	12,844	
Total Net Position	$12,844	

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

Statement of Changes in Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Fund
Additions	
Interest	$73
Other	500
Total Additions	573
Deductions	
Scholarships Awarded	500
Change in Net Position	73
Net Position Beginning of Year	12,771
Net Position End of Year	$12,844

See accompanying notes to the basic financial statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The first building used as a school house in St. Clairsville was built in 1802. Various buildings were used throughout St. Clairsville until 1868 when a red brick school house was built on the northeast corner of North Market and East Main Street at a cost of $36,000. It was a 74' x 77' three-story building with a cupola on the top and a sandstone wall around it. It was used until 1916 when it was replaced by a building which was located at 106 Woodrow Avenue where the current Middle School and High School complex remains. In 1871 St. Clairsville High School held its first graduation. Currently, the School District has a high school building, middle school building including a connector facility, elementary building, high school gym, stadium complex, an administration building, a transportation building, and several storage facilities.

The St. Clairsville-Richland City School District (the School District) is a body politic and corporate established for the purpose of exercising rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls the School District's five instructional/support facilities staffed by 47 non-certificated employees, 103 certificated teaching personnel, and 9 administrators who provide services to 1,697 students and other community members.

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 of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the St. Clairsville-Richland City School District, this includes general operations, food service and student related activities of the School District.

> **Nonpublic Schools** Within the School District boundaries, St. Mary’s School is operated through the Catholic Diocese and East Richland Christian Schools is operated through the Friends Church. Current State legislation provides funding to these non-public schools. These monies are received and disbursed by the School District on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported as a governmental activity of the School District.

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

The School District participates in the Belmont-Harrison Vocational School District, the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), and the Coalition of Rural and Appalachian Schools (CORAS), which are jointly governed organizations, the Better Business Bureau of the Canton Region Group Rating Plan (Plan) which is defined as an insurance purchasing pool, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk sharing, claims servicing, and insurance purchasing pool. The School District is associated with the St. Clairsville Public Library which is defined as a related organization. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business type activities.

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

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

B. Fund Accounting

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

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

General Fund The General Fund accounts for and reports 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 and transferred according to the general laws of Ohio.

Schoolwide Pool Fund – The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal state and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the student are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the 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 current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use 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 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, 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 governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents." The School District utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as "cash and cash equivalents with fiscal agents".

During fiscal year 2018, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statues, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $3,938, which includes $293 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 and cash equivalents.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash restricted for insurance premiums related to the underground storage tank.

G. 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 year in which services are consumed.

H. Inventory

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

I. Capital Assets

The only capital assets of the School District are general capital assets. These assets result from expenditures in the governmental funds and 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 backtrending (i.e., estimating 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 School District maintains a capitalization threshold of five thousand dollars. 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 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	N/A
Land Improvements	20 years
Buildings and Improvements	5-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	5-10 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position.

K. 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 employer 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 vacation eligible employees with more than one year 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 compensated absence benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

L. 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.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

N. Internal Activity

Transfers within government activities on the government-wide financial statements are reported in the same manner as general revenue.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

O. 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 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" 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 or enabling legislation (School District resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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 Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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.

P. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation enacted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs and underground storage tank deductibles.

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

S. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE/RESTATEMENT OF NET POSITION

Changes in Accounting Principle

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, 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.

Restatement of Net Position

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 net position as reported June 30, 2017:

Net Position June 30, 2017	($10,294,597)
Adjustments:	
Net OPEB Liability	(4,788,408)
Deferred Outflow - Payments Subsequent to Measurement Date	26,856
Restated Net Position June 30, 2017	($15,056,149)

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 - BUDGETARY BASIS OF ACCOUNTING

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

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 restricted, committed, or unassigned fund balance (GAAP basis).

4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transfers (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).

5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance

	General	Schoolwide Pool
GAAP Basis	$683,063	$0
Revenue Accruals	(214,615)	(257,806)
Advances In	70,000	0
Transfers In	0	223,185
Expenditure Accruals	(86,931)	87,777
Advances Out	0	(264)
Transfers Out	19,750	0
Encumbrances	(504,704)	0
Budget Basis	($33,437)	$52,892

NOTE 5 - 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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.

(Authorized investments may include investments in commercial paper and bankers acceptances with appropriate limitations if ORC 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.

At June 30, 2018, the School District's internal service fund had a balance of $183,127 with Jefferson Health Plan Self Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 18). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2018, $1,413,253 of the School District's total bank balance of $3,316,103 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

> Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 6 - 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 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 thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 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 thirty-five 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 Belmont 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 yearend. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2018, was $515,005 in the General Fund. The amount available as an advance at June 30, 2017, was $298,630 in the General Fund.

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 reported as deferred inflows of resources – unavailable revenue.

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

	2017 Second - Half Collections		2018 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$441,535,640	94.52%	$451,489,470	94.53%
Public Utility Personal	25,608,280	5.48%	26,141,870	5.47%
Total	$467,143,920	100.00%	$477,631,340	100.00%
Tax rate per $1,000 of assessed valuation	$33.55		$33.55	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018, consisted of property taxes, interfund, and intergovernmental grants, and fees. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $172,489 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Excess Cost Reimbursement from Other School Districts	$60,000
Fiscal Year 2018 Foundation Adjustment	5,854
Workers Comp Rebate	38,575
IDEA - Part B Grant	119,470
Title I Grant	64,186
Title II-A Grant	15,370
Total	$303,455

Payment In Lieu of Taxes

Business Development On December 31, 2015, the Board of Education adopted a resolution authorizing a tax increment financing arrangement (TIF), pursuant to Ohio Revised Code Sections 5709.77 through 5709.80 with Belmont County and the St. Clairsville Richland City School District. As of June 30, 2018 no receivable exists, as amounts are not measurable.

St. Clair Commons On June 8, 2016, the Board of Education adopted a resolution authorizing a tax increment financing arrangement (TIF), and revenue sharing agreement, pursuant to Ohio Revised Code Sections 5709.40 and 5709.82 respectively, with the City of St. Clairsville. At June 30, 2018, no receivable exists as as amounts are not measurable.

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Government Activities:				
Non Depreciable Assets:				
Land	$826,883	$308,599	$0	$1,135,482
Depreciable Assets:				
Land Improvements	1,721,280	11,651	0	1,732,931
Buildings and Improvements	13,903,978	0	0	13,903,978
Furniture, Fixtures, and Equipment	2,076,773	68,780	0	2,145,553
Vehicles	916,499	13,839	0	930,338
Total Depreciable Capital Assets	18,618,530	94,270	0	18,712,800
Less Accumulated Depreciation:				
Land Improvements	(405,012)	(74,197)	0	(479,209)
Buildings and Improvements	(7,670,011)	(348,141)	0	(8,018,152)
Furniture, Fixtures, and Equipment	(1,595,779)	(115,574)	0	(1,711,353)
Vehicles	(629,575)	(52,025)	0	(681,600)
Total	(10,300,377)	(589,937)	0	(10,890,314)
Depreciable Capital Assets, Net	8,318,153	(495,667)	0	7,822,486
Governmental Activities Capital Assets, Net	$9,145,036	($187,068)	$0	$8,957,968

The School District reported $8,139 of capital asset additions related to donated capital assets.

Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	$222,799
Special	43,953
Vocational	3,481
Support Services:	
Pupils	10,444
Instructional Staff	29,204
Board of Education	3,481
Administration	39,950
Fiscal	6,963
Maintenance	133,288
Transportation	51,265
Central	1,737
Food Service Operations	19,899
Non-Instructional Services	1,881
Extracurricular	21,592
Total	$589,937

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with Liberty Mutual Insurance Company for property and inland marine coverage, and for fleet insurance and liability insurance. The Liberty Mutual Insurance Coverage is provided by Pilney-Foster Insurance Agency of Ohio is as follows:

Building and Contents-replacement cost ($1,000 deductible)	$47,654,951
Automotive Liability:	
Bodily Injury and Property Damage	1,000,000
Uninsured Motorist ($1,000 deductible)	1,000,000
Educational General Liability:	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000
Personal and Advertising Injury Limit - Each Occurrence	1,000,000
Sexual Misconduct Liability:	
Each Occurrence	1,000,000
Aggregated Limit	1,000,000
School Leaders Errors and Omissions Liability:	
Each Occurrence	1,000,000
Aggregated Limit	1,000,000
Employee Benefits Liability:	
Each Occurrence	1,000,000
Aggregated Limit	3,000,000
Employer's Liability:	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000

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

The School District participates in the Better Business Bureau of the Canton Region Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing and insurance purchasing pool through which dental coverage is provided to employees. Of the total monthly premiums of $60.99, $55.81 is paid by the Board, and $5.18 is paid by the employees to the fiscal agent who in turn pays the claims on the School District's behalf. All employees are offered dental coverage through the self-insured program. The School District reports the program in the General Fund. The claims liability of $8,399 reported in the General Fund at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2017	$6,498	$64,240	$65,856	$4,882
2018	4,882	95,107	91,590	8,399

NOTE 10 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and certain administrators earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and the remaining administrators do not earn vacation time. All 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. Upon retirement, payment is made for one-third of the first 120 days of sick leave accumulation plus 12 percent of excess over 120 days up to 225 days.

Other Insurance

In addition to the dental self-insured coverage offered, the School District offers all employees medical/surgical and prescription drug insurance coverage. All employees are offered medical/surgical and prescription drug insurance coverage through the Health Plan of the Upper Ohio Valley. The monthly premium is $1,495.42 for a family plan and $635.00 for a single plan. The Board of Education pays approximately 91.5 percent of the premiums. The School District also provides life insurance and accidental death and dismemberment insurance to all employees from American United Life Insurance Company in an amount of $30,000 per employee. The Board pays 100 percent of the monthly premiums of $3.00 for this coverage.

Retirement Incentive

For fiscal year 2018, the School District offered a retirement incentive, in the amount of $10,000, to any teacher, otherwise eligible for retirement through STRS, who by June 30, 2018, will have 30 years of service, and who, by April 15, 2018, submitted a letter of retirement to the Board, through the Treasurer, to be effective June 30, 2018. At June 30, 2018, there was a $10,000 liability for this benefit.

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 years 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 $241,210 for fiscal year 2018. Of this amount $10,804 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 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 to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 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 $1,009,633 for fiscal year 2018. Of this amount, $134,973 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	0.05432950%	0.06046556%	
Proportion of the Net Pension Liability Current Measurement Date	0.05391210%	0.06225844%	
Change in Proportionate Share	-0.00041740%	0.00179288%	
Proportionate Share of the Net Pension Liability	$3,221,129	$14,789,627	$18,010,756
Pension Expense	($122,261)	($5,426,995)	($5,549,256)

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	$138,627	$571,106	$709,733
Changes of assumptions	166,567	3,234,654	3,401,221
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	22,274	852,678	874,952
School District contributions subsequent to the measurement date	241,210	1,009,633	1,250,843
Total Deferred Outflows of Resources	$568,678	$5,668,071	$6,236,749
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$119,199	$119,199
Net difference between projected and actual earnings on pension plan investments	15,290	488,075	503,365
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	47,890	0	47,890
Total Deferred Inflows of Resources	$63,180	$607,274	$670,454

$1,250,843 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	$123,311	$949,205	$1,072,516
2020	175,993	1,613,156	1,789,149
2021	40,075	1,132,352	1,172,427
2022	(75,091)	356,451	281,360
Total	$264,288	$4,051,164	$4,315,452

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	$4,470,090	$3,221,129	$2,174,869

Actuarial Assumptions - STRS

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	$21,200,425	$14,789,627	$9,389,488

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2018, three members of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

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 $28,995.

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 $37,929 for fiscal year 2018. Of this amount $29,395 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	0.05454360%	0.06046556%	
Proportion of the Net OPEB Liability Current Measurement Date	0.05413560%	0.06225844%	
Change in Proportionate Share	-0.00040800%	0.00179288%	
Proportionate Share of the Net OPEB Liability	$1,452,856	$2,429,096	$3,881,952
OPEB Expense	$81,382	($727,530)	($646,148)

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	$140,222	$140,222
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	82,186	82,186
School District contributions subsequent to the measurement date	37,929	0	37,929
Total Deferred Outflows of Resources	$37,929	$222,408	$260,337
Deferred Inflows of Resources			
Changes of assumptions	$137,869	$195,671	$333,540
Net difference between projected and actual earnings on OPEB plan investments	3,837	103,825	107,662
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	14,658	0	14,658
Total Deferred Inflows of Resources	$156,364	$299,496	$455,860

$37,929 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	($56,223)	($21,499)	($77,722)
2020	(56,223)	(21,499)	(77,722)
2021	(42,959)	(21,499)	(64,458)
2022	(959)	(21,500)	(22,459)
2023	0	4,457	4,457
Thereafter	0	4,452	4,452
Total	($156,364)	($77,088)	($233,452)

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 as follows:

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 the 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	$1,754,510	$1,452,856	$1,213,871

	1% Decrease (6.5% decreasing to 4.0%)	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	$1,178,885	$1,452,856	$1,815,465

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 as follows:

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	$3,261,021	$2,429,096	$1,771,601

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$1,687,631	$2,429,096	$3,404,948

NOTE 13 - INTERNAL BALANCES

Interfund Balances

Interfund balances at June 30, 2018, consist of the following interfund receivables and payables:

	Interfund Receivable		
Interfund Payable	General Fund	Schoolwide Pool Fund	Total
General Fund	$0	$348,854	$348,854
Other Nonmajor Governmental Funds	69,142	56,604	125,746
Total	$69,142	$405,458	$474,600

The balance due to the Schoolwide Pool Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program. The loans made to the IDEA-B Special Revenue Funds were made to support the programs, and to cover actual cash deficits, until federal and other monies are received.

Transfers

Interfund transfers for the fiscal year ended June 30, 2018 consisted of the following:

	Transfers to		
Transfers from	Schoolwide Pool Fund	Other Nonmajor Governmental Funds	Total
General Fund	$2,615,675	$202,343	$2,818,018

Transfers from the General Fund to the Schoolwide Pool Fund were used to move receipts in accordance with the schoolwide building program. Transfers from the General Fund to Other Governmental Funds were to provide funding for Permanent Improvement Fund projects.

NOTE 14 - COMMITMENTS

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance 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 $504,704 in the General Fund, and $127,078 in Other Nonmajor Governmental Funds.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the School District entered into a capital lease to finance improvements to the elementary school. The lease agreement is through WesBanco Bank, Inc. In prior fiscal years, the School District has entered into capitalized leases for copying equipment, and a vehicle. Capital lease payments are reflected as debt service expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds.

The assets acquired by the outstanding leases have been capitalized in government wide statements governmental activities in the amount of $1,540,365, which is equal to the present value of the minimum lease payments. A corresponding liability was recorded in the government wide statements governmental activities. Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of $1,217,776. Principal payments in fiscal year 2018 totaled $161,452 in the governmental funds.

Future minimum lease payments through fiscal year 2024 are as follows:

Fiscal Year	Principal	Interest	Total
2019	$166,247	$31,631	$197,878
2020	156,761	28,270	185,031
2021	157,399	21,278	178,677
2022	154,868	14,497	169,365
2023	159,298	8,203	167,501
2024	82,073	1,678	83,751
Totals	$876,646	$105,557	$982,203

NOTE 16 - LONG TERM OBLIGATIONS

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/17	Additions	Reductions	Outstanding 6/30/18	Amounts Due Within One Year
Governmental Activities:					
2005 Energy Conservation					
Loan - $325,000 @ 4.05-6.00%	$38,796	$0	$28,341	$10,455	$10,455
Capital Leases	1,038,098	0	161,452	876,646	166,247
Compensated Absences Payable	812,294	166,798	102,103	876,989	66,648
Intergovernmental Payable	15,000	0	5,000	10,000	5,000
Net Pension Liability					
SERS	3,976,418	0	755,289	3,221,129	0
STRS	20,239,646	0	5,450,019	14,789,627	0
Total Net Pension Liability	24,216,064	0	6,205,308	18,010,756	0
Net OPEB Liability					
SERS	1,554,694	0	101,838	1,452,856	0
STRS	3,233,714	0	804,618	2,429,096	0
Total Net Pension Liability	4,788,408	0	906,456	3,881,952	0
Total Governmental Activities	$30,908,660	$166,798	$7,408,660	$23,666,798	$248,350

Energy Conservation Loan – On August 24, 2004, the School District issued a fifteen year $325,000 note at a variable rate of interest. The initial interest rate through the first five years of the loan was 4.05 percent. The interest rate for the remaining ten years of the loan is a variable rate based upon the weekly average rate for U.S. Treasury Securities adjusted to a “five year Treasury Rate” plus 2.25 percent multiplied by seventy-five percent per year. The rate is adjusted every five years and shall not exceed six percent and each adjustment shall not exceed one and one-quarter percent. After the initial rate adjustment on August 24, 2009, the current interest rate is 3.43 percent. The note was backed by the full faith and credit of the School District. The repayments are to be made from utility savings in the General Fund.

The principal and interest requirements to retire the energy conservation loan are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$10,455	$1,800	$12,255

Long-Term Intergovernmental Payable – On November 18, 2015 the School District signed an addendum to Service Agreement with the East Central Ohio Educational Service Center Governing Board (ECOESC). The Board of Education and the ECOESC wish to include an additional service to the services that the ECOESC will provide to the Board of Education pursuant to Section 3313.845 of Ohio Revised Code. In consideration of the services contained in the addendum the ECOESC will purchase property to be used for the delivery of educational services to students served by the Belmont County school district clients of the ECOESC. In consideration of the above, the Board agrees to pay ECOESC, the sum of $5,000 per year for a period of five years, for a total payment of $25,000. As of June 30, 2018 $10,000 remains outstanding, while $5,000 is due within one year.

The overall debt margin of the School District as of June 30, 2018 was $42,986,821 with an unvoted debt margin of $477,631.

Capital leases will be paid from the General Fund and the Permanent Improvement Fund.

There is no repayment schedule for the net pension liability or the net OPEB liability. However, employer pension contributions are made from the following funds: General Fund, Miscellaneous Local, Miscellaneous State, IDEA-B, Title I, Schoolwide Pool, and Food Service Special Revenue Funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 11 and 12.

Compensated absences will be paid from the General Fund.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Belmont-Harrison Vocational School District – The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2018, the School District made no contributions to the Belmont-Harrison Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at 68090 Hammond Road, St. Clairsville, Ohio 43950.

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2018, the total amount paid to OME-RESA from the School District was $656 for cooperative gas purchasing service administrative fees, and $52,990 for technology services, financial accounting services, and educational management information services. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools is a jointly governed organization including 110 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was $325 for fiscal year 2018.

NOTE 18 - PUBLIC ENTITY POOLS

Insurance Purchasing Pools

Better Business Bureau of the Canton Region Workers' Compensation Group Rating Plan – The School District participates in the Better Business Bureau of the Canton Region Workers' Compensation Group Rating Plan (Plan), a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Plan was established through the Better Business Bureau of Ohio as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program. During fiscal year 2018, the School District paid $425 to Sheakley Uniservice, Inc.

Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

The Jefferson Health Plan Self-Insurance Plan – The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The School District only participates in the pool for dental insurance. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by American United Life Insurance Company.

NOTE 19 - RELATED ORGANIZATION

The St. Clairsville Public Library – The St. Clairsville Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the St. Clairsville-Richland City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operating subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the St. Clairsville Public Library, Clerk/Treasurer, at 108 East Main Street, St. Clairsville, Ohio 43950.

NOTE 20 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

State Foundation Funding

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 currently party to pending litigations. The School District management is of the opinion that the disposition of claims will not have a material effect, if any, on the financial condition of the School District.

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

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

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2017	$0
Current Year Set-aside Requirement	305,298
Current Year Qualifying Expenditures	(427,598)
Current Year Qualifying Transfers	(200,000)
Totals	($322,300)
Balance Carried Forward to Fiscal Year 2019	$0
Set-aside Restricted Balance as of June 30, 2018	$0

The School District had qualifying transfers and disbursements during the fiscal year that reduced the set-aside amount for capital improvements to below zero that may not be carried forward to future years. The School District also has prior year capital expenditures paid from debt proceeds in connection with a school facilities project and an energy conservation project that may be carried forward to offset future set-aside requirements.

NOTE 22 - SUBSEQUENT EVENTS

Acquisition of Property

On July 18, 2018 the Board of Education authorized the purchase of 0.38 acres of property adjacent the School District for $80,000.

On November 14, 2018, the Board of Education authorized the purchase of 0.256 acres of property for $115,000.

Bond Levy

On July 16, 2018 the Board approved a resolution to proceed with placing a thirty-seven year 8.56 Mill Bond Levy on the ballot of the November 6, 2018 general election. The levy was intended for the constructing, renovating, and improving of school facilities. The levy was defeated by the voters of the St. Clairsville-Richland City School District.

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St. Clairsville-Richland City 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	2015	2014
School District's Proportion of the Net Pension Liability	0.05391210%	0.05432950%	0.05499210%	0.05360100%	0.05360100%
School District's Proportionate Share of the Net Pension Liability	$3,221,129	$3,976,418	$3,137,903	$2,712,716	$3,187,479
School District's Covered Payroll	$1,685,286	$1,697,814	$1,660,607	$1,557,395	$1,527,621
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.13%	234.21%	188.96%	174.18%	208.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not availabl
An additional column will be added each year.

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

See accompanying notes to the required supplementary information

St. Clairsville-Richland City School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

*Last Five Fiscal Years (1)**

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.06225844%	0.06046556%	0.05883903%	0.05714160%	0.05714160%
School District's Proportionate Share of the Net Pension Liability	$14,789,627	$20,239,646	$16,261,385	$13,898,814	$16,556,177
School District's Covered Payroll	$6,643,871	$6,379,793	$6,191,171	$5,829,623	$6,075,283
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	222.61%	317.25%	262.65%	238.42%	272.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.
An additional column will be added each year.

* 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.

St. Clairsville-Richland City 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	0.05413560%	0.05454360%
School District's Proportionate Share of the Net OPEB Liability	$1,452,856	$1,554,694
School District's Covered Payroll	$1,685,286	$1,697,814
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	86.21%	91.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* 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.

St. Clairsville-Richland City School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

*Last Two Fiscal Years (1)**

	2018	2017
School District's Proportion of the Net OPEB Liability	0.06225844%	0.06046556%
School District's Proportionate Share of the Net OPEB Liability	$2,429,096	$3,233,714
School District's Covered Payroll	$6,643,871	$6,379,793
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.56%	50.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* 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.

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St. Clairsville-Richland City School District

Required Supplementary Information

Schedule of School District Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$241,210	$235,940	$237,694	$218,868
Contributions in Relation to the Contractually Required Contribution	(241,210)	(235,940)	(237,694)	(218,868)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,786,741	$1,685,286	$1,697,814	$1,660,607
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
Net OPEB Liability				
Contractually Required Contribution (2)	37,929	26,856	25,397	40,490
Contributions in Relation to the Contractually Required Contribution	(37,929)	(26,856)	(25,397)	(40,490)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	2.12%	1.59%	1.50%	2.44%
Total Contributions as a Percentage of Covered Payroll (1)	15.62%	15.59%	15.50%	15.62%

(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
$215,855	$211,423	$214,381	$201,151	$218,351	$158,828
(215,855)	(211,423)	(214,381)	(201,151)	(218,351)	(158,828)
$0	$0	$0	$0	$0	$0
$1,557,395	$1,527,621	$1,593,913	$1,600,246	$1,612,640	$1,614,102
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
27,512	26,924	31,423	45,581	31,581	91,375
(27,512)	(26,924)	(31,423)	(45,581)	(31,581)	(91,375)
$0	$0	$0	$0	$0	$0
1.77%	1.76%	1.97%	2.85%	1.96%	5.66%
15.63%	15.60%	15.42%	15.42%	15.50%	15.50%

St. Clairsville-Richland City School District

Required Supplementary Information

Schedule of School District Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$1,009,633	$930,142	$893,171	$866,764
Contributions in Relation to the Contractually Required Contribution	(1,009,633)	(930,142)	(893,171)	(866,764)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$7,211,664	$6,643,871	$6,379,793	$6,191,171
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 (1)	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$757,851	$789,787	$852,677	$855,292	$825,003	$778,664
(757,851)	(789,787)	(852,677)	(855,292)	(825,003)	(778,664)
$0	$0	$0	$0	$0	$0
$5,829,623	$6,075,283	$6,559,051	$6,579,169	$6,346,177	$5,989,720
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$58,296	$60,753	$65,591	$65,792	$63,462	$59,897
(58,296)	(60,753)	(65,591)	(65,792)	(63,462)	(59,897)
$0	$0	$0	$0	$0	$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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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.

ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/ ***Pass-Through Grantor*** **Program Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program - Food Donation	10.555	N/A	$34,493
Cash Assistance:			
School Breakfast Program	10.553	045997-05PU-17	79,614
National School Lunch Program	10.555	045997-LLP4-17	184,112
Cash Assistance Total			263,726
Total U.S. Department of Agriculture - Child Nutrition Cluster			298,219
U.S. DEPARTMENT OF EDUCATION			
Passed-Through Ohio Department of Education:			
Title I Grants to Local Educational Agencies	84.010	045997-C1S1-17	42,685
		045997-C1S1-18	155,962
Total Title I Grants to Local Educational Agencies			198,647
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	045997-6BSF-17	47,751
		045997-6BSF-18	399,715
Special Education-Grants to States (IDEA, Part B) Subtotal			447,466
Special Education-Preschool Grants (IDEA Preschool)	84.173	045997-18	8,421
Total Special Education Cluster (IDEA)			455,887
Improving Teacher Quality State Grants	84.367	045997-TRS1-17	11,786
		045997-TRS1-18	31,513
Total Improving Teacher Quality State Grants			43,299
Title IV, Part A Student Support and Academic Enrichment Grant	84.424A	045997-18	8,290
Total U.S. Department of Education			706,123
Total Expenditures of Federal Award			**$1,004,34**

The accompanying notes are an integral part of the Schedule.

ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

The 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 E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE
KEITH FABER

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

St. Clairsville-Richland City School District
Belmont County
108 Woodrow Avenue
St. Clairsville, Ohio 43950

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), 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 February 12, 2019, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

February 12, 2019

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

St. Clairsville-Richland City School District
Belmont County
108 Woodrow Avenue
St. Clairsville, Ohio 43950

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the St. Clairsville-Richland City School District's, Belmont County, Ohio, (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the School District's major federal program 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 program.

Management's Responsibility

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

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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 12, 2019

ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Special Education Cluster (IDEA), CFDA #84.027 and #84.173	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

ST. CLAIRSVILLE – RICHLAND CITY SCHOOL DISTRICT

BELMONT 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 26, 2019