



**WASHINGTON NILE
LOCAL SCHOOL DISTRICT**

SCIOTO COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2019

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



OHIO AUDITOR OF STATE
KEITH FABER

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Board of Education
Washington Nile Local School District
15332 US Highway 52
West Portsmouth, Ohio 45663

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 25, 2020

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Independent Auditor's Report

Board of Education
Washington Nile Local School District
15332 US-52
West Portsmouth, OH 45663

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 Washington Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2019, and 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 the preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 Washington Nile Local School District, Scioto County, Ohio as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 4-10 and schedule of net pension/OPEB liabilities and pension/OPEB contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

Supplemental and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2020, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

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

January 15, 2020

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

As management of the Washington-Nile Local School District (the "School District"), we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have provided in the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

Net position of governmental activities increased \$1,693,806 from the prior fiscal year.

There were substantial decreases in the net pension and net OPEB liabilities which were offset by changes to their respective deferred outflows and deferred inflows.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Washington-Nile Local School District as a financial whole, an entire operating entity.

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

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2019?"

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

These two statements report the School District's net position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds - All 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 fiscal 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds - The School District's fiduciary funds are a private purpose trust fund and an agency fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for fiscal years 2019 and 2018.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

(Table 1)
Net Position
Governmental Activities

	2019	2018	Increase/ (Decrease)
<u>Assets:</u>			
Current Assets	\$14,049,701	\$14,833,771	(\$784,070)
Net OPEB Asset	1,016,281	0	1,016,281
Capital Assets, Net	29,888,541	29,394,450	494,091
<i>Total Assets</i>	<u>44,954,523</u>	<u>44,228,221</u>	<u>726,302</u>
<u>Deferred Outflows of Resources:</u>			
Pension	4,696,581	5,690,423	(993,842)
OPEB	242,579	193,867	48,712
<i>Total Deferred Outflows of Resources</i>	<u>4,939,160</u>	<u>5,884,290</u>	<u>(945,130)</u>
<u>Liabilities:</u>			
Current Other Liabilities	1,795,628	1,618,646	176,982
Long-Term Liabilities:			
Due Within One Year	412,244	434,378	(22,134)
Due In More Than One Year:			
Net Pension Liability	17,205,114	18,279,912	(1,074,798)
OPEB Liability	1,622,096	4,029,884	(2,407,788)
Other Amounts	3,464,887	3,729,985	(265,098)
<i>Total Liabilities</i>	<u>24,499,969</u>	<u>28,092,805</u>	<u>(3,592,836)</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	1,571,642	1,555,575	16,067
Pension	1,274,653	914,501	360,152
OPEB	1,759,616	455,633	1,303,983
<i>Total Deferred Inflows of Resources</i>	<u>4,605,911</u>	<u>2,925,709</u>	<u>1,680,202</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	27,996,062	27,954,214	41,848
Restricted	1,348,347	1,209,541	138,806
Unrestricted (Deficit)	(8,556,606)	(10,069,758)	1,513,152
<i>Total Net Position</i>	<u>\$20,787,803</u>	<u>\$19,093,997</u>	<u>\$1,693,806</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019. 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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

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.

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.

Total Assets increased \$726,302. Due to changes in assumptions and benefits by STRS, the School District is showing a Net OPEB asset for fiscal year 2019 of \$1,016,281. Total Current Assets decreased \$784,070. During fiscal year 2018, the School District received lease proceeds for their energy efficient upgrades project, but only spent part of the proceeds. They continued to spend monies toward the completion of the project during fiscal year 2019, which caused the decrease in cash. Capital Assets, Net increased \$494,041 due to current fiscal year asset and construction in progress additions exceeding current fiscal year deletions and depreciation.

Total liabilities decreased \$3,592,836. During fiscal year 2018, the School District showed a net OPEB liability; however, due to changes in STRS assumptions and benefits, the School District reported a net OPEB asset during fiscal year 2019. The Net Pension Liability also decreased \$1,074,798 as a result of changes made by the pension systems.

Total net position increased \$1,693,806. Unrestricted Net Position increased mainly due to the substantial decreases in the net pension and net OPEB liabilities and offset by the changes to their respective deferred outflows and deferred inflows.

Table 2 shows the changes in net position for fiscal years 2019 and 2018.

(Table 2)
Change in Net Position
Governmental Activities

	2019	2018	Increase/ (Decrease)
<u>Revenues:</u>			
Program Revenues:			
Charges for Services and Sales	\$1,960,807	\$1,910,850	\$49,957
Operating Grants, Contributions and Interest	3,156,241	2,814,406	341,835
<i>Total Program Revenues</i>	<u>\$5,117,048</u>	<u>\$4,725,256</u>	<u>\$391,792</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

(Table 2)
Change in Net Position
Governmental Activities
(continued)

	2019	2018	Increase/ (Decrease)
General Revenues:			
Property Taxes	\$1,692,498	\$1,692,877	(\$379)
Grants and Entitlements not Restricted to Specific Programs	14,227,866	13,628,017	599,849
Investment Earnings	154,755	64,253	90,502
Miscellaneous	245,291	84,308	160,983
<i>Total General Revenues</i>	<u>16,320,410</u>	<u>15,469,455</u>	<u>850,955</u>
<i>Total Revenues</i>	<u>21,437,458</u>	<u>20,194,711</u>	<u>1,242,747</u>
 <u>Program Expenses</u>			
Instruction:			
Regular	7,067,980	3,753,563	3,314,417
Special	3,349,615	2,686,595	663,020
Vocational	106,126	62,710	43,416
Student Intervention Services	72,688	0	72,688
Support Services:			
Pupils	790,335	446,601	343,734
Instructional Staff	809,480	499,280	310,200
Board of Education	79,175	52,020	27,155
Administration	1,343,202	620,818	722,384
Fiscal	468,714	361,733	106,981
Operation and Maintenance of Plant	2,611,479	1,848,465	763,014
Pupil Transportation	1,300,565	1,450,055	(149,490)
Operation of Non-Instructional Services	960,998	825,807	135,191
Extracurricular Activities	773,237	332,756	440,481
Interest and Fiscal Charges	10,058	12,208	(2,150)
<i>Total Expenses</i>	<u>19,743,652</u>	<u>12,952,611</u>	<u>6,791,041</u>
<i>Change in Net Position</i>	<u>1,693,806</u>	<u>7,242,100</u>	<u>(\$5,548,294)</u>
Net Position Beginning of Year	<u>19,093,997</u>	<u>11,851,897</u>	
Net Position End of Year	<u>\$20,787,803</u>	<u>\$19,093,997</u>	

Governmental Activities

Total program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$5,117,048 of total revenues for fiscal year 2019, an increase of \$391,792 when compared to the prior fiscal year. Operating Grants, Contributions, and Interest increased \$341,845 mainly due to an increase in federal and State subsidies received by the School District's food service fund. The increase is due to the School District's elementary and middle schools qualifying for Community Eligibility Provision program during fiscal year 2019. The program provides additional funds for school districts that qualify as economically disadvantaged, including additional monies for breakfast and lunch programs.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

General revenues represent \$16,320,410 of the School District's total revenues. The increase of \$850,955 is mainly the result of the School District receiving more in grants and entitlements not restricted to specific programs compared to the prior fiscal year resulting from a change in the State funding formula along with receiving additional economically disadvantaged funding compared to the prior fiscal year.

Expenses for the School District increased \$6,791,041. This increase is primarily due to changes in assumptions and benefits by the State-wide pension systems which caused pension expense to be negative in fiscal year 2018 and positive in fiscal year 2019. These changes caused the appearance of a large increase in overall expenses. The increase is also related to the School District giving a two percent pay increase and insurance rates increasing eight percent.

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,236,105 and expenditures of \$22,415,481.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$451,233. Despite an increase in expenditures, revenues exceeded expenditures during fiscal year 2019. Total revenues increased \$788,347 compared to the prior fiscal year mainly due to an increase in State foundation monies resulting from a change in the State funding formula along with receiving additional economically disadvantaged funding.

The Permanent Improvement Capital Project fund decreased \$1,654,910. The increase is mainly due to the School District continuing to spend monies during the fiscal year toward the completion of the energy efficiency lease project.

General Fund – Budget Highlight

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

During fiscal year 2019, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 18, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final estimated and actual revenues were \$18,798,179 with original estimated revenues of \$17,339,658, an increase of \$1,458,521. The majority of the increase stemmed from an increase in intergovernmental revenue. This was due an increase in State foundation monies received which were not anticipated when the original budgeted revenues were established.

Final estimated and actual expenditures were \$18,056,631, with original estimated expenditures of \$19,239,518. This resulted in a \$1,182,787 decrease from original to final expenditures mostly related to the School District monitoring expenditures.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Capital Assets

At the end of fiscal year 2019, the School District had \$29,888,541 invested in capital assets (net of accumulated depreciation), an increase when compared to the prior fiscal year. The increase was mainly due to the completion of the energy conservation building improvement project along with additional construction in progress associated with a new athletic building that was not completed at fiscal year-end. For additional information regarding the School District's capital assets, refer to Note 9 in the basic financial statements.

Debt

At June 30, 2019, the School District's Energy Conservation Bonds outstanding amount was \$323,971 with \$77,552 due within one year. The School District's Capital Lease for building improvements outstanding amount was \$3,251,298, with \$232,236 due within one year. For further information regarding the School District's long-term obligations, refer to Notes 14 and 15 in the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Sherry Patterson, Treasurer at Washington-Nile Local School District, 15332 U.S. Hwy 52, West Portsmouth, Ohio 45663, or e-mail at Sherry.Patterson@westsenators.org.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$11,355,808
Cash and Cash Equivalents in Segregated Accounts	39,257
Accrued Interest Receivable	16,109
Intergovernmental Receivable	328,285
Prepaid Items	29,151
Property Taxes Receivable	2,281,091
Net OPEB Asset (See Note 12)	1,016,281
Capital Assets:	
Land	1,852,309
Construction in Progress	654,932
Depreciable Capital Assets, Net	<u>27,381,300</u>
<i>Total Assets</i>	<u>44,954,523</u>
<u>Deferred Outflows of Resources:</u>	
Pension	4,696,581
OPEB	<u>242,579</u>
<i>Total Deferred Outflows of Resources</i>	<u>4,939,160</u>
<u>Liabilities:</u>	
Accounts Payable	71,386
Contracts Payable	77,049
Accrued Wages and Benefits Payable	1,389,878
Intergovernmental Payable	253,427
Accrued Interest Payable	3,888
Long-Term Liabilities:	
Due Within One Year	412,244
Due in More Than One Year:	
Net Pension Liability (See Note 11)	17,205,114
OPEB Liability (See Note 12)	1,622,096
Other Amounts	<u>3,464,887</u>
<i>Total Liabilities</i>	<u>24,499,969</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes	1,571,642
Pension	1,274,653
OPEB	<u>1,759,616</u>
<i>Total Deferred Inflows of Resources</i>	<u>\$4,605,911</u>
	(continued)

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

(continued)

Net Position:

Net Investment in Capital Assets	\$27,996,062
Restricted for Debt Payments	272,156
Restricted for School Facilities Projects	53,587
Restricted for Other Purposes:	
Food Service	23,752
Classroom Facilities Maintenance	779,806
Athletics	98,806
State and Federal Grants	120,240
Unrestricted (Deficit)	<u>(8,556,606)</u>
<i>Total Net Position</i>	<u><u>\$20,787,803</u></u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$8,782,864	\$1,229,553	\$1,343,391	\$11,355,808
Restricted Assets:				
Cash and Cash Equivalents in Segregated Accounts	0	0	39,257	39,257
Receivables:				
Property Taxes	2,173,938	107,153	0	2,281,091
Intergovernmental	45,240	0	283,045	328,285
Accrued Interest	16,109	0	0	16,109
Interfund	8,683	0	0	8,683
Prepaid Items	29,151	0	0	29,151
<i>Total Assets</i>	<u>\$11,055,985</u>	<u>\$1,336,706</u>	<u>\$1,665,693</u>	<u>\$14,058,384</u>
<u>Liabilities:</u>				
Accounts Payable	\$69,886	\$0	\$1,500	\$71,386
Contracts Payable	0	77,049	0	77,049
Accrued Wages and Benefits Payable	1,175,882	0	213,996	1,389,878
Intergovernmental Payable	239,157	0	14,270	253,427
Interfund Payable	0	0	8,683	8,683
<i>Total Liabilities</i>	<u>1,484,925</u>	<u>77,049</u>	<u>238,449</u>	<u>1,800,423</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes	1,497,646	73,996	0	1,571,642
Unavailable Revenue	627,867	30,522	283,045	941,434
<i>Total Deferred Inflows of Resources</i>	<u>2,125,513</u>	<u>104,518</u>	<u>283,045</u>	<u>2,513,076</u>
<u>Fund Balances:</u>				
Nonspendable	29,151	0	0	29,151
Restricted	0	0	1,231,995	1,231,995
Committed	401,761	0	0	401,761
Assigned	1,979,987	1,155,139	84,267	3,219,393
Unassigned (Deficit)	5,034,648	0	(172,063)	4,862,585
<i>Total Fund Balances</i>	<u>7,445,547</u>	<u>1,155,139</u>	<u>1,144,199</u>	<u>9,744,885</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,055,985</u>	<u>\$1,336,706</u>	<u>\$1,665,693</u>	<u>\$14,058,384</u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2019

Total Governmental Fund Balances \$9,744,885

*Amounts reported for governmental activities in the
 Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,852,309	
Construction in progress	654,932	
Depreciable Capital Assets	46,805,878	
Accumulated Depreciation	(19,424,578)	
Total		29,888,541

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent Property Taxes	653,369	
Intergovernmental	283,045	
Interest	5,020	
Total		941,434

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (3,888)

The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in the governmental funds.

Net OPEB Asset	1,016,281	
Deferred Outflows - Pension	4,696,581	
Deferred Outflows - OPEB	242,579	
Net Pension Liability	(17,205,114)	
Net OPEB Liability	(1,622,096)	
Deferred Inflows - Pension	(1,274,653)	
Deferred Inflows - OPEB	(1,759,616)	
Total		(15,906,038)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds Payable	(323,971)	
Capital leases	(3,251,298)	
Compensated absences	(301,862)	
Total		(3,877,131)

Net Position of Governmental Activities \$20,787,803

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$1,574,084	\$76,088	\$0	\$1,650,172
Intergovernmental	15,543,066	16,019	1,668,282	17,227,367
Investment Earnings	152,069	0	399	152,468
Tuition and Fees	1,472,538	0	0	1,472,538
Extracurricular Activities	40,681	0	302,570	343,251
Rent	0	0	0	0
Charges for Sales and Services	0	0	145,018	145,018
Miscellaneous	110,901	0	134,390	245,291
<i>Total Revenues</i>	<u>18,893,339</u>	<u>92,107</u>	<u>2,250,659</u>	<u>21,236,105</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,712,594	0	166,147	7,878,741
Special	2,791,348	0	631,696	3,423,044
Vocational	118,487	0	0	118,487
Student Intervention Services	90,575	0	0	90,575
Support Services:				
Pupils	802,919	0	49,704	852,623
Instructional Staff	793,519	0	99,313	892,832
Board of Education	78,922	0	0	78,922
Administration	1,314,277	0	123,660	1,437,937
Fiscal	396,785	2,396	53,749	452,930
Operation and Maintenance of Plant	1,930,303	557,100	27,690	2,515,093
Pupil Transportation	1,103,090	0	25,036	1,128,126
Operation of Non-Instructional Services:				
Food Service Operations	24,460	0	807,896	832,356
Extracurricular Activities	309,102	139,787	264,180	713,069
Capital Outlay	86,219	1,595,964	0	1,682,183
Debt Service:				
Principal Retirement	307,601	0	0	307,601
Interest and Fiscal Charges	10,962	0	0	10,962
<i>Total Expenditures</i>	<u>17,871,163</u>	<u>2,295,247</u>	<u>2,249,071</u>	<u>22,415,481</u>
Excess of Revenues Over (Under) Expenditures	<u>1,022,176</u>	<u>(2,203,140)</u>	<u>1,588</u>	<u>(1,179,376)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	548,230	22,713	570,943
Transfers Out	(570,943)	0	0	(570,943)
<i>Total Other Financing Sources (Uses)</i>	<u>(570,943)</u>	<u>548,230</u>	<u>22,713</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	451,233	(1,654,910)	24,301	(1,179,376)
<i>Fund Balances at Beginning of Year</i>	<u>6,994,314</u>	<u>2,810,049</u>	<u>1,119,898</u>	<u>10,924,261</u>
<i>Fund Balances at End of Year</i>	<u><u>\$7,445,547</u></u>	<u><u>\$1,155,139</u></u>	<u><u>\$1,144,199</u></u>	<u><u>\$9,744,885</u></u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds (\$1,179,376)

*Amounts reported for governmental activities in the
 Statement of Activities are different because:*

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	333,987	
Construction in progress	1,348,196	
Depreciation expense	(1,187,522)	
Excess of capital outlay over depreciation expense		494,661

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a gain or loss on the sale of capital assets in the Statement of Activities.

Loss on disposal of capital assets (570)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" inflows and are deferred in the governmental funds.

Delinquent property taxes	42,326	
Intergovernmental	156,740	
Interest	2,287	
Total		201,353

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Bond principal retirement	75,365	
Capital lease payments	232,236	
Total long-term debt repayment		307,601

Accrued Interest Payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

Decrease in accrued interest 904

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement Net Position reports these amounts as deferred outflows.

Pension	1,357,046	
OPEB	47,170	
Total		1,404,216

Except for amounts reported as deferred inflows/outflows, changes in the net position/OPEB liabilities (asset) are reported as pension expense in the Statement of Activities.

Pension	(1,636,242)	
OPEB	2,121,628	
Total		485,386

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable (20,369)

Change in Net Position of Governmental Activities \$1,693,806

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
For the Fiscal Year Ended June 30, 2019

	Budget Amounts			Variance With Final Budget Over/(Under)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$1,580,465	\$1,586,449	\$1,586,449	\$0
Intergovernmental	14,204,367	15,566,778	15,566,778	0
Investment Earnings	70,288	104,374	104,374	0
Tuition and Fees	1,397,222	1,472,538	1,472,538	0
Miscellaneous	87,316	68,040	68,040	0
<i>Total Revenues</i>	<u>17,339,658</u>	<u>18,798,179</u>	<u>18,798,179</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,995,356	7,635,718	7,635,718	0
Special	3,066,865	2,783,451	2,783,451	0
Vocational	143,626	117,396	117,396	0
Student Intervention Services	113,863	90,054	90,054	0
Support Services:				
Pupils	792,859	804,559	804,559	0
Instructional Staff	811,189	798,821	798,821	0
Board of Education	100,045	91,058	91,058	0
Administration	1,225,292	1,306,723	1,306,723	0
Fiscal	435,204	389,523	389,523	0
Operation and Maintenance of Plant	2,777,241	2,138,744	2,138,744	0
Pupil Transportation	1,207,943	1,148,157	1,148,157	0
Operation of Non-Instructional Services:				
Food Service Operations	21,618	27,400	27,400	0
Extracurricular Activities	223,555	271,465	271,465	0
Capital Outlay	152,106	91,835	91,835	0
Debt Service:				
Principal Retirement	147,014	346,100	346,100	0
Interest and Fiscal Charges	25,642	15,627	15,627	0
<i>Total Expenditures</i>	<u>19,239,418</u>	<u>18,056,631</u>	<u>18,056,631</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,899,760)</u>	<u>741,548</u>	<u>741,548</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	2,000	19,855	19,855	0
Advances Out	(1,908)	(5,188)	(5,188)	0
Transfers Out	(1,000,000)	(820,943)	(820,943)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(999,908)</u>	<u>(806,276)</u>	<u>(806,276)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,899,668)	(64,728)	(64,728)	0
<i>Fund Balance at Beginning of Year</i>	6,598,595	6,598,595	6,598,595	0
<i>Prior Year Encumbrances Appropriated</i>	<u>542,106</u>	<u>542,106</u>	<u>542,106</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$4,241,033</u>	<u>\$7,075,973</u>	<u>\$7,075,973</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$102,556	\$38,416
Receivables:		0
Accrued Interest	594	0
	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$103,150</u>	<u>\$38,416</u>
<u>Liabilities:</u>		
Undistributed Monies	0	\$38,416
	<hr/>	<hr/>
<u>Net Position:</u>		
Held in Trust for Scholarships	<u>\$103,150</u>	

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2019

	<u>Private Purpose Trust Fund</u>
	<u>Scholarships</u>
<u>Additions:</u>	
Investment Earnings	\$7,625
Gifts and Donations	<u>1,164</u>
<i>Total Additions</i>	8,789
<u>Deductions:</u>	
Scholarships Awarded in Accordance with Trust Agreement	<u>10,500</u>
<i>Change in Net Position</i>	(1,711)
<i>Net Position at Beginning of Year</i>	<u>104,861</u>
<i>Net Position at End of Year</i>	<u><u>\$103,150</u></u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately 68 square miles. It is located in Scioto County and is composed of Washington and Nile Townships. It is staffed by 63 non-certificated employees, 103 certificated full-time teaching personnel and 10 administrative employees who provide services to 1,450 students and other community members. The School District currently operates three buildings.

Reporting Entity

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

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

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

Jointly Governed Organizations:

Metropolitan Educational Technology Association (META)

Public Entity Shared Risk Pool:

Optimal Health Initiatives Consortium

Insurance Purchasing Pool:

Ohio SchoolComp Group Retrospective Rating Program

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

Governmental Funds

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

General Fund – The General Fund is the operating fund of the School District and is used to account for and 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 or transferred according to the general laws of Ohio.

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for and report monies which have been assigned by the Board of Education to be used for acquiring, constructing, or improving facilities within the School District.

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

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 flow of economic resources measurement focus.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

included property taxes, pension and OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and interest. 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 Balance to Net Position of Governmental Activities found on page 13. 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

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

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled with the exception of a portion of the monies associated with the Ohio School Facilities Commission building project. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. The School District holds money in a separate account for school construction projects. The balance in this account is presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts".

During fiscal year 2019, the School District's investments were limited to a money market mutual fund, negotiable certificates of deposit, and Federal Home Loan Mortgage Corporation Bonds. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2019 amounted to \$152,069, which includes \$26,309 from other School District funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the Nonmajor Governmental Funds represent cash and cash equivalents in segregated accounts legally required to be set aside by the School District for the School District's local share of the Ohio School Facilities Commission building project.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

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

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the 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 capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 50 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	10 years

Interfund Balances

On fund financial statements, outstanding interfund loans are reported "Interfund Receivable" and "Interfund Payable". Interfund balances are eliminated in the Statement of Net Position.

Compensated Absences

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

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.

Accrued Liabilities and Long-Term Obligations

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

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

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

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

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

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. These amounts are assigned by the Board of Education. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

General Fund, assigned amounts represent amounts assigned by the Treasurer for encumbered amounts for outstanding obligations and amounts assigned to the School District principals for certain curricular and extracurricular activities. These individuals have been given authority to assign amounts for these purposes by the School District Board of Education.

The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2020 appropriated budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include food service operations, music and athletic programs, student activities, and federal and State grants.

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

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

Estimates

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2019, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

For fiscal year 2019, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

NOTE 4 – ACCOUNTABILITY

At June 30, 2019, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Title I	\$77,541
Special Education, Part B-IDEA	44,263
Title II - A, Improving Teacher Quality	12,607
Miscellaneous Federal Grants	4,780
Public School Preschool	32,872
Total	<u><u>\$172,063</u></u>

The deficits in all fund balances were due to accruals in GAAP. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (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 assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$451,233
Adjustments:	
Revenue Accruals	16,145
Expenditure Accruals	139,402
Encumbrances	(469,969)
Advances	(5,188)
Transfers	(250,000)
Net Change in Fair Value of Investments - Fiscal Year 2019	(5,370)
Net Change in Fair Value of Investments - Fiscal Year 2018	(38,509)
Perspective Differences	97,528
Budget Basis	<u><u>(\$64,728)</u></u>

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies 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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met,
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
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 (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

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

Mesurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investment
Fair Value - Level One Inputs:				
Money Market Mutual Fund	\$245,695	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	1,783,510	Less than four years	AAA	54.84%
Federal Home Loan Mortgage Corporation Bonds	1,222,860	Less than three years	AA+	37.60%
Total Investments	<u><u>\$3,252,065</u></u>			

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. The School District will not directly invest in securities maturing more than five years from the date of the investment. No investments shall be made that will cause the average duration of the portfolio to exceed three and a half years.

Credit Risk

The S&P ratings of the School District's investments are listed in the table above. Ohio law requires that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk

The School District's investment policy provides that the School District will diversify its investments by security and institution. No more than 50 percent of the total current portfolio shall be invested in collateralized repurchase agreements and certificates of deposit with any one eligible financial institution. No more than 25 percent of the interim funds of the School District may be invested in commercial paper or banker's acceptances as authorized by Section 135.142 of the Ohio Revised Code. The percentage that each investment represents of the total investments is listed in the table above.

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For the Fiscal Year Ended June 30, 2019

NOTE 7 – PROPERTY TAXES

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

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

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

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

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

The amount available as an advance at June 30, 2019, was \$53,444 in the General Fund, and \$2,636 in the Bond Retirement Fund. The amount available as an advance at June 30, 2018, was \$65,810 in the General Fund, and \$3,276 in the Bond Retirement 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 fiscal year 2019 taxes were collected are:

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For the Fiscal Year Ended June 30, 2019

	2018 Second- Half Collections		2019 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$85,662,980	93.30%	\$85,815,870	93.15%
Public Utility Personal	6,147,270	6.70%	6,314,260	6.85%
Total Assessed Value	<u>\$91,810,250</u>	<u>100.00%</u>	<u>\$92,130,130</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$25.31		\$25.31	

NOTE 8 – RECEIVABLES

Receivables at June 30, 2019, consisted of property taxes, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full and will be received within one fiscal year with the exception of the property taxes. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
<u>Governmental Activities:</u>	
Early Childhood Education	\$23,614
IDEA Restoration	2,778
Special Education, IDEA-B	70,191
Title I	91,333
Title II - A, Improving Teacher Quality	56,933
Title VI-B, Rural and Low Income	19,980
Title IV - A Student Support	18,216
Bureau of Workers Compensation Refund	45,240
Total Intergovernmental Receivables	<u>\$328,285</u>

NOTE 9 – CAPITAL ASSETS

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

	Balance at 6/30/18	Additions	Deletions	Balance at 6/30/19
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$1,852,309	\$0	\$0	\$1,852,309
Construction in Progress	1,040,900	1,348,196	(1,734,164)	654,932
Total Capital Assets Not Being Depreciated	<u>2,893,209</u>	<u>1,348,196</u>	<u>(1,734,164)</u>	<u>2,507,241</u>
Capital Assets Being Depreciated:				
Land Improvements	2,447,985	0	0	2,447,985
Buildings and Improvements	37,817,485	1,300,576	0	39,118,061
Furniture, Fixtures and Equipment	3,063,234	669,847	(11,403)	3,721,678
Vehicles	1,420,426	97,728	0	1,518,154
Total Capital Assets Being Depreciated	<u>44,749,130</u>	<u>2,068,151</u>	<u>(11,403)</u>	<u>46,805,878</u>
Less Accumulated Depreciation:				
Land Improvements	(1,858,661)	(109,964)	0	(1,968,625)
Building and Improvements	(13,007,608)	(896,638)	0	(13,904,246)
Furniture, Fixtures and Equipment	(2,393,323)	(119,103)	10,833	(2,501,593)
Vehicles	(988,297)	(61,817)	0	(1,050,114)
Total Accumulated Depreciation	<u>(18,247,889)</u>	<u>(1,187,522) *</u>	<u>10,833</u>	<u>(19,424,578)</u>
Total Capital Assets Being Depreciated, Net	<u>26,501,241</u>	<u>880,629</u>	<u>(570)</u>	<u>27,381,300</u>
Governmental Activities				
Capital Assets, Net	<u>\$29,394,450</u>	<u>\$2,228,825</u>	<u>(\$1,734,734)</u>	<u>\$29,888,541</u>

* Depreciation expense was charged to governmental functions as follows:

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

Instruction:	
Regular	\$457,320
Special	103,172
Vocational	6,380
Support Services:	
Pupils	39,303
Instructional Staff	24,565
Administration	68,781
Fiscal	14,739
Operation and Maintenance of Plant	79,872
Pupil Transportation	161,875
Operation of Non-Instructional Services:	
Food Service Operations	113,430
Extracurricular Activities	118,085
Total Depreciation Expense	<u>\$1,187,522</u>

NOTE 10 – RISK MANAGEMENT

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District also pays an insurance premium to the awarded insurance company, Schools of Ohio Risk Sharing Authority, for liability, property, inland marine, and automobile liability insurance coverage.

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

Employee Medical and Dental Benefits

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

Workers’ Compensation

For fiscal year 2019, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 17). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers’ Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group’s retrospective premium. If the retrospective premium that is calculated is less than the group’s total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group’s total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) 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 (asset) 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 (asset) 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/OPEB 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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) 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 *net OPEB asset* or long-term *net pension/OPEB 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$268,637 for fiscal year 2019. Of this amount, \$22,208 is reported as an intergovernmental payable.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 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 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

The School District's contractually required contribution to STRS was \$1,088,409 for fiscal year 2019. Of this amount, \$181,764 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05921100%	0.06205873%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.05760200%</u>	<u>0.06324493%</u>	
Change in Proportionate Share	<u>-0.00160900%</u>	<u>0.00118620%</u>	
Proportionate Share of the Net			
Pension Liability	\$3,298,974	\$13,906,140	\$17,205,114
Pension Expense	\$306,458	\$1,329,784	\$1,636,242

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$180,928	\$320,996	\$501,924
Changes of assumptions	74,498	2,464,430	2,538,928
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	67,058	231,625	298,683
School District contributions subsequent to the measurement date	<u>268,637</u>	<u>1,088,409</u>	<u>1,357,046</u>
Total Deferred Outflows of Resources	<u>\$591,121</u>	<u>\$4,105,460</u>	<u>\$4,696,581</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$90,815	\$90,815
Net difference between projected and actual earnings on pension plan investments	91,404	843,254	934,658
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>51,491</u>	<u>197,689</u>	<u>249,180</u>
Total Deferred Outflows of Resources	<u>\$142,895</u>	<u>\$1,131,758</u>	<u>\$1,274,653</u>

\$1,357,046 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$262,518	\$1,186,614	\$1,449,132
2021	53,368	724,956	778,324
2022	(108,263)	113,943	5,680
2023	<u>(28,034)</u>	<u>(140,220)</u>	<u>(168,254)</u>
Total	<u>\$179,589</u>	<u>\$1,885,293</u>	<u>\$2,064,882</u>

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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

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

Inflation	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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	<u>10.00</u>	3.00
 Total	 <u>100.00 %</u>	

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	\$4,646,853	\$3,298,974	\$2,168,867

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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For the Fiscal Year Ended June 30, 2019

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

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

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

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

* 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, 2018. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$20,308,087	\$13,906,140	\$8,487,761

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 Employees Retirement System. As of June 30, 2019, two members of the Board of Education have 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$37,220.

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 \$47,170 for fiscal year 2019. Of this amount, \$38,043 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.05993810%	0.06205873%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.05846930%</u>	<u>0.06324493%</u>	
Change in Proportionate Share	<u>-0.00146880%</u>	<u>0.00118620%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,622,096	\$0	\$1,622,096
Net OPEB (Asset)	\$0	(\$1,016,281)	(\$1,016,281)
OPEB Expense	\$75,650	(\$2,197,278)	(\$2,121,628)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$26,478	\$118,703	\$145,181
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	7,957	42,271	50,228
School District contributions subsequent to the measurement date	<u>47,170</u>	<u>0</u>	<u>47,170</u>
Total Deferred Outflows of Resources	<u>\$81,605</u>	<u>\$160,974</u>	<u>\$242,579</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$59,212	\$59,212
Changes of assumptions	145,733	1,384,764	1,530,497
Net difference between projected and actual earnings on OPEB plan investments	2,434	116,101	118,535
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>51,203</u>	<u>169</u>	<u>51,372</u>
Total Deferred Inflows of Resources	<u>\$199,370</u>	<u>\$1,560,246</u>	<u>\$1,759,616</u>

\$47,170 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	(\$64,253)	(\$251,050)	(\$315,303)
2021	(52,390)	(251,050)	(303,440)
2022	(14,823)	(251,050)	(265,873)
2023	(13,787)	(224,683)	(238,470)
2024	(13,956)	(215,432)	(229,388)
Thereafter	<u>(5,726)</u>	<u>(206,007)</u>	<u>(211,733)</u>
Total	<u>(\$164,935)</u>	<u>(\$1,399,272)</u>	<u>(\$1,564,207)</u>

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

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

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

	1% Decrease <u>(2.70%)</u>	Current Discount Rate <u>(3.70%)</u>	1% Increase <u>(4.70%)</u>
School District's proportionate share of the net OPEB liability	\$1,968,286	\$1,622,096	\$1,347,979

	1% Decrease <u>(6.25 % decreasing to 3.75 %)</u>	Current Trend Rate <u>(7.25 % decreasing to 4.75 %)</u>	1% Increase <u>(8.25 % decreasing to 5.75 %)</u>
School District's proportionate share of the net OPEB liability	\$1,308,734	\$1,622,096	\$2,037,044

Actuarial Assumptions – STRS

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

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
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

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 7.45 percent as of June 30, 2018. The blended 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 projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. 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.

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB asset	(\$871,048)	(\$1,016,281)	(\$1,138,343)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$1,131,452)	(\$1,016,281)	(\$899,316)

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and 10 month administrators do not earn vacation time.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for teachers, administrators and classified non-union employees. Classified union employees may accumulate up to a maximum of 220 days.

Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 56 days for teachers, administrators, and classified non-union employees and 47 days for classified union employees. As a further incentive to minimize sick leave usage, the Board will pay an additional eight days of bonus retirement pay beyond the cap if, in the year of retirement, the employee has used less than eight days of sick leave and has the maximum sick leave accumulation.

Insurance Benefits

The School District provides its teachers, administrators and classified nonunion employees with life insurance through the Metropolitan Educational Technology Association (See Note 17), health and dental insurance through the Optimal Health Initiatives Consortium (See Note 17), and vision benefits through Vision Service Plan. Classified union employees are provided health, dental, vision, and life insurance plans through their union, The Public Employees of Ohio Teamsters Local Union No. 92. The School District pays the premiums, established by contract, to Central States Fund. All questions and claims regarding these plans are handled through the union.

Deferred Compensation

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

NOTE 14 – CAPITALIZED – LESSEE DISCLOSURE

During fiscal year 2018, the School District entered into a lease-purchase agreement for upgrades to make the building more energy efficient. The terms of the agreement transfers ownership of the upgrades to the School District at the expiration of the lease term. The School District is leasing the project through Branch Banking and Trust Company (BB&T).

The School District will make yearly lease payments to BB&T Company. The lease is renewable annually and expires in fiscal year 2033. The intention of the School District is to renew the lease annually and make payments using the general revenues of the School District. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis. The capital lease will be paid from the General Fund.

A liability was recorded on the Statement of Net Position for governmental activities in the amount of \$3,251,298, which is equal to the present value of the minimum lease payments at the time of acquisition.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

The leases acquired through the capital lease as of June 30, 2019, are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
Building Improvements	\$1,260,941	(\$10,180)	\$1,250,761
Furniture, Fixtures, & Equipment	480,501	(1,601)	478,900
Totals	<u>\$1,741,442</u>	<u>(\$11,781)</u>	<u>\$1,729,661</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases for the building upgrades.

<u>Fiscal Year Ending June 30,</u>	<u>Building Upgrades</u>
2020	\$232,236
2021	232,236
2022	232,236
2023	232,236
2024	232,236
2025-2029	1,161,178
2030-2033	928,940
<i>Present Value of Net Minimum Lease Payments</i>	<u>\$3,251,298</u>

NOTE 15 – LONG-TERM OBLIGATIONS

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

	<u>Principal Outstanding 6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/19</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds:					
Direct Placements:					
2013 HB 264 Energy Conservation Bonds	\$399,336	\$0	\$75,365	\$323,971	\$77,552
Net Pension Liability:					
SERS	3,537,726	0	238,752	3,298,974	0
STRS	14,742,186	0	836,046	13,906,140	0
Total Net Pension Liability	<u>18,279,912</u>	<u>0</u>	<u>1,074,798</u>	<u>17,205,114</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,608,582	13,514	0	1,622,096	0
STRS	2,421,302	0	2,421,302	0	0
Total OPEB Liability	<u>4,029,884</u>	<u>13,514</u>	<u>2,421,302</u>	<u>1,622,096</u>	<u>0</u>
Compensated Absences	281,493	114,399	94,030	301,862	102,456
Capital Lease	3,483,534	0	232,236	3,251,298	232,236
Total Governmental Activities Long-Term Obligations	<u>\$26,474,159</u>	<u>\$127,913</u>	<u>\$3,897,731</u>	<u>\$22,704,341</u>	<u>\$412,244</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2013 House Bill 264 School Energy Conservation Bonds – On January 7, 2013, the School District issued \$745,000 in School Energy Conservation Bonds through the House Bill 264 School Energy Conservation Financing Program administered by the Ohio School Facilities Commission. The proceeds were used to make energy saving improvements to the School. The Bonds were issued for a ten-year period with final maturity at February 1, 2023. The bonds will be retired from the General Fund. The bonds were directly placed with Huntington National Bank.

The School District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the Termination Benefits Fund. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General, Food Service, Preschool, Title VI-B, Title I, and Miscellaneous Grant. For additional information related to the net pension/OPEB liability see Notes 11 and 12.

The School District’s overall legal debt margin was \$8,567,756 with an unvoted debt margin of \$92,130 and an Energy Conservation debt margin of \$505,200 at June 30, 2019.

Principal and interest requirements to retire the outstanding debt obligations at June 30, 2019, are as follows:

Fiscal year Ending June 30,	Direct Placement		Total
	Energy Conservation Bonds Principal	Energy Conservation Bonds Interest	
2020	\$77,552	\$8,776	\$86,328
2021	79,802	6,526	86,328
2022	82,117	4,211	86,328
2023	84,500	1,830	86,330
Total	\$323,971	\$21,343	\$345,314

NOTE 16 – INTERFUND ACTIVITY

Advances

Interfund balances at June 30, 2019, consist of the following individual interfund receivable and payable:

		Receivable
		<u>General Fund</u>
Payable	Nonmajor Governmental Funds	<u>\$8,683</u>

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Transfers

Transfers made during the fiscal year ended June 30, 2019, were as follows:

	Transfers From
	<u>General Fund</u>
Transfers To	
Permanent Improvement	\$548,230
Nonmajor	<u>22,713</u>
Total	<u><u>\$570,943</u></u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers were made from the General Fund to the Permanent Improvement Fund to support permanent improvements and to Nonmajor Governmental Funds to support student activities.

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

Jointly Governed Organizations

Metropolitan Educational Technology Association (META)

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

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META’s Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. The School District paid META \$195,143 for services provided during the fiscal year. Financial information can be obtained from META Solutions, David Varda, CFO, 100 Executive Drive, Marion Ohio 43302.

Public Entity Shared Risk Pool

Optimal Health Initiatives Consortium

The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. The Council’s business and affairs are

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charles Leboeuf, CPA, MCM CPAs & Advisors, 3536 Edwards Road, Cincinnati, Ohio 45208.

Insurance Purchasing Pool

Ohio SchoolComp Group Retrospective Rating Program

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

NOTE 18 – SET-ASIDE CALCULATIONS

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

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

	<u>Capital Acquisitions</u>
Set-aside Reserve Balance as of June 30, 2018	\$0
Current Fiscal Year Set-aside Requirement	270,976
Current Fiscal Year Offsets	(231,201)
Qualifying Disbursements	<u>(39,775)</u>
Set-aside Reserve Balance as of June 30, 2019	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

NOTE 19 – SIGNIFICANT COMMITMENTS

Contractual Commitments

The outstanding construction commitments at June 30, 2019, are:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/19</u>
Athletic Building	\$654,932	\$635,024	\$19,908

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

Encumbrances

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

General Fund	\$469,969
Permanent Improvement Fund	222,275
Nonmajor Governmental Funds	86,089
Total	<u><u>\$778,333</u></u>

NOTE 20 - FUND BALANCES

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<i>Nonspendable:</i>				
Prepays	\$29,151	\$0	\$0	\$29,151
<i>Restricted for:</i>				
Debt Payment	0	0	276,044	276,044
Classroom Facilities Maintenance	0	0	779,806	779,806
Food Service	0	0	23,752	23,752
Athletics	0	0	98,806	98,806
School Facilities Project	0	0	53,587	53,587
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>1,231,995</u>	<u>1,231,995</u>
<i>Committed to:</i>				
Termination Benefits	401,761	0	0	401,761
<i>Assigned to:</i>				
Purchases on Order	399,022	0	0	399,022
Future Appropriations	1,580,965	0	0	1,580,965
Capital Improvements	0	1,155,139	84,267	1,239,406
Assigned to Principals Fund	0	0	0	0
<i>Total Assigned</i>	<u>1,979,987</u>	<u>1,155,139</u>	<u>84,267</u>	<u>3,219,393</u>
<i>Unassigned (Deficit)</i>	<u>5,034,648</u>	<u>0</u>	<u>(172,063)</u>	<u>4,862,585</u>
<i>Total Fund Balances</i>	<u><u>\$7,445,547</u></u>	<u><u>\$1,155,139</u></u>	<u><u>\$1,144,199</u></u>	<u><u>\$9,744,885</u></u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 21 – CONTINGENCIES

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

State Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 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 not party to any legal proceedings.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net Pension Liability	0.05760200%	0.05921100%	0.05832080%
School District's Proportionate Share of the Net Pension Liability	\$3,298,974	\$3,537,726	\$4,268,543
School District's Covered Payroll	\$1,977,422	\$1,942,157	\$1,742,507
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	166.83%	182.15%	244.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05488840%	0.05460300%	0.05460300%
\$3,131,985	\$2,763,427	\$3,247,065
\$1,676,191	\$1,586,557	\$1,588,015
186.85%	174.18%	204.47%
69.16%	71.70%	65.52%

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.05846930%	0.05993810%	0.05909680%
School District's Proportionate Share of the Net OPEB Liability	\$1,622,096	\$1,608,582	\$1,684,477
School District's Covered Payroll	\$1,977,422	\$1,942,157	\$1,742,507
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	82.03%	82.82%	96.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.06324493%	0.06205873%	0.06206317%
School District's Proportionate Share of the Net Pension Liability	\$13,906,140	\$14,742,186	\$20,774,414
School District's Covered Payroll	\$7,239,571	\$6,589,093	\$6,805,814
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	192.09%	223.74%	305.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06366069%	0.62389640%	0.06238964%
\$17,593,951	\$15,175,319	\$18,076,741
\$6,670,629	\$6,328,962	\$6,745,946
263.75%	239.78%	267.96%
72.10%	74.70%	69.30%

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
School Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.06324493%	0.06205873%	0.06206317%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,016,281)	\$2,421,302	\$3,319,154
School District's Covered Payroll	\$7,239,571	\$6,589,093	\$6,805,814
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	(14.04%)	36.75%	48.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Pension Liability					
Contractually Required Contribution	\$268,637	\$266,952	\$271,902	\$243,951	\$220,922
Contributions in Relation to the Contractually Required Contribution	<u>(268,637)</u>	<u>(266,952)</u>	<u>(271,902)</u>	<u>(243,951)</u>	<u>(220,922)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,989,904	\$1,977,422	\$1,942,157	\$1,742,507	\$1,676,191
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
Net OPEB Liability					
Contractually Required Contribution (2)	47,170	41,617	31,986	29,882	42,760
Contributions in Relation to the Contractually Required Contribution	<u>(47,170)</u>	<u>(41,617)</u>	<u>(31,986)</u>	<u>(29,882)</u>	<u>(42,760)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.37%</u>	<u>2.10%</u>	<u>1.65%</u>	<u>1.71%</u>	<u>2.55%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.87%</u>	<u>15.60%</u>	<u>15.65%</u>	<u>15.71%</u>	<u>15.73%</u>

(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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$219,897	\$219,781	\$215,766	\$171,706	\$258,429
<u>(219,897)</u>	<u>(219,781)</u>	<u>(215,766)</u>	<u>(171,706)</u>	<u>(258,429)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,586,557	\$1,588,015	\$1,604,205	\$1,365,995	\$1,908,631
<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>	<u>13.54%</u>
29,938	29,812	32,568	43,427	33,372
<u>(29,938)</u>	<u>(29,812)</u>	<u>(32,568)</u>	<u>(43,427)</u>	<u>(33,372)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.89%</u>	<u>1.88%</u>	<u>2.03%</u>	<u>3.18%</u>	<u>1.75%</u>
<u>15.75%</u>	<u>15.72%</u>	<u>15.48%</u>	<u>15.75%</u>	<u>15.29%</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
School Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Pension Liability					
Contractually Required Contribution	\$1,088,409	\$1,013,540	\$922,473	\$952,814	\$933,888
Contributions in Relation to the Contractually Required Contribution	<u>(1,088,409)</u>	<u>(1,013,540)</u>	<u>(922,473)</u>	<u>(952,814)</u>	<u>(933,888)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$7,774,350	\$7,239,571	\$6,589,093	\$6,805,814	\$6,670,629
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability					
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$822,765	\$876,973	\$756,116	\$878,536	\$878,769
<u>(822,765)</u>	<u>(876,973)</u>	<u>(756,116)</u>	<u>(878,536)</u>	<u>(878,769)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,328,962	\$6,745,946	\$5,816,277	\$6,757,969	\$6,759,762
<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$63,290	\$67,459	\$58,163	\$67,580	\$67,598
<u>(63,290)</u>	<u>(67,459)</u>	<u>(58,163)</u>	<u>(67,580)</u>	<u>(67,598)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019*

NET PENSION LIABILITY

Changes in Assumptions – SERS

Beginning in 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 assumptions compared with those used in fiscal year 2016 and prior are presented below:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
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

Beginning with fiscal year 2018, amounts reported 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:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
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.

Beginning with 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 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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019*

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 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2019	3.62 percent
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 2019	3.70 percent
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.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

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 2020.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2019

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Schedule of Federal Awards Receipts and Expenditures
 For the Fiscal Year Ended June 30, 2019

Federal Grantor / Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Passed through to Subrecipient	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>							
<i>Passed Through Ohio Department of Education:</i>							
<i>Nutrition Cluster:</i>							
School Breakfast Program	2019/2018	10.553	\$0	\$168,245	\$0	\$168,245	\$0
National School Lunch Program	2019/2018	10.555	0	526,485	28,410	526,485	28,410
<i>Total Nutrition Cluster</i>			0	694,730	28,410	694,730	28,410
Total U.S. Department of Agriculture			0	694,730	28,410	694,730	28,410
<u>U.S. Department of Education</u>							
<i>Passed Through Ohio Department of Education:</i>							
Title I Grants to Local Educational Agencies	2018	84.010	0	19,318	0	68,570	0
Title I Grants to Local Educational Agencies	2019	84.010	0	398,752	0	401,346	0
<i>Total Title I</i>			0	418,070	0	469,916	0
<i>Special Education Cluster:</i>							
Special Education - Grants to States (IDEA Part B)	2018	84.027	0	37,823	0	39,086	0
Special Education - Grants to States (IDEA Part B)	2019	84.027	0	289,055	0	288,505	0
Special Education -IDEA Restoration	2019	84.027	0	31,930	0	31,930	0
Special Education - Preschool Grants	2019	84.173	0	1,641	0	1,641	0
<i>Total Special Education Cluster</i>			0	360,449	0	361,162	0
Rural Education	2018	84.358	0	4,859	0	5,006	0
Rural Education	2019	84.358	0	21,256	0	21,253	0
<i>Total Rural Education</i>			0	26,115	0	26,259	0
Improving Teacher Quality	2018	84.367	0	1,397	0	1,397	0
Improving Teacher Quality	2019	84.367	0	13,311	0	13,311	0
<i>Total Improving Teacher Quality</i>			0	14,708	0	14,708	0
Student Support and Academic Enrichment	2019	84.424	0	19,759	0	19,353	0
<i>Total Student Support and Academic Enrichment</i>			0	19,759	0	19,353	0
Total U.S. Department of Education			0	839,101	0	891,398	0
Total Federal Financial Assistance			<u>\$0</u>	<u>\$1,533,831</u>	<u>\$28,410</u>	<u>\$1,586,128</u>	<u>\$28,410</u>

The accompanying notes to the Schedule of Federal Awards Revenues and Expenditures are an integral part of the Schedule.

WASHINGTON NILE LOCAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2019

NOTE A – BASIS OF PRESENTATION

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

NOTE B - 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE C - 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 D – FOOD DONATION PROGRAM

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

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

Board of Education
Washington Nile Local School District
15332 US-52
West Portsmouth, Ohio 45663

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Nile Local School District (the School District), Scioto County, as of and for the year ended June 30, 2019, 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 January 15, 2020.

Internal Control over Financial Reporting

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

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

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

Board of Education
Washington Nile Local School District
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based Required by
Government Auditing Standards

Compliance and Other Matters

As part of obtaining reasonable assurance whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

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

J. L. Uhrig and Associates, Inc.

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

January 15, 2020

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

Board of Education
Washington Nile Local School District
15332 US-52
West Portsmouth, Ohio 45663

Report on Compliance for Each Major Federal Program

We have audited the Washington Nile Local School District (the School District), Scioto County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that could directly and materially affect the School District's major federal programs for the year ended June 30, 2019. 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 the 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 requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material aspects, with the compliance requirements referred to above that could directly and materially affect its major federal program identified in the *Summary of Auditor's Results* in the accompanying schedule of findings for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

J. L. Uhrig and Associates, Inc.

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

January 15, 2020

WASHINGTON NILE LOCAL SCHOOL DISTRICT

Schedule of Findings

For the Fiscal Year Ended June 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

C. FINDINGS FOR FEDERAL AWARDS

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

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OHIO AUDITOR OF STATE KEITH FABER



WASHINGTON-NILE LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 19, 2020**