



Dave Yost • Auditor of State

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund.....	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Fund	21
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability - School Employees Retirement System of Ohio – Last Four Fiscal Years.....	57
Schedule of the School District's Proportionate Share of the Net Pension Liability - State Teachers Retirement System of Ohio – Last Four Fiscal Years	58
Schedule of School District Contributions – School Employees Retirement System of Ohio – Last Ten Fiscal Years	60
Schedule of School District Contributions - State Teachers Retirement System of Ohio – Last Ten Fiscal Years	62
Notes to Required Supplementary Information	64

IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Schedule of Expenditures of Federal Awards	65
Notes to the Schedule of Expenditures of Federal Awards.....	66
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	67
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	69
Schedule of Findings.....	71



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

March 20, 2018

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Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

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

Financial Highlights

Key financial highlights for the fiscal year 2017 are as follows:

- Net Position of governmental activities decreased \$1,652,335.
- General revenues accounted for \$13,193,723 or 70.2 percent of all revenues. Program specific revenues in the form of charges for services and sales, and grants, contributions, and interest accounted for \$5,606,782 or 29.8 percent of total revenues of \$18,800,505.
- The School District had \$20,452,840 in expenses related to governmental activities; \$5,606,782 of these expenses was offset by program specific charges for services and sales, grants, and contributions. General revenues of \$13,193,723 were not adequate to cover the remaining expenses.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as Governmental Activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2017 compared to 2016.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

Table 1
Net Position

	2017	2016	Change
Assets			
Current and Other Assets	\$10,103,997	\$10,235,464	(\$131,467)
Capital Assets	41,295,884	42,853,134	(1,557,250)
Total Assets	51,399,881	53,088,598	(1,688,717)
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,473,831	1,560,623	(86,792)
Pension	4,480,251	1,904,513	2,575,738
Total Deferred Outflows	5,954,082	3,465,136	2,488,946
Liabilities			
Other Liabilities	1,631,691	1,748,263	(116,572)
Long-term Liabilities:			
Due Within One Year	747,278	703,928	43,350
Due In More Than One Year:			
Net Pension Liability	23,585,908	19,139,417	4,446,491
Other Amounts	15,913,322	16,571,920	(658,598)
Total Liabilities	41,878,199	38,163,528	3,714,671
Deferred Inflows of Resources			
Property Taxes	2,833,696	2,928,646	(94,950)
Pension	108,019	1,275,176	(1,167,157)
	2,941,715	4,203,822	(1,262,107)
Net Position			
Net Investment in Capital Assets	27,141,422	27,945,453	(804,031)
Restricted	1,883,306	2,232,223	(348,917)
Unrestricted	(16,490,679)	(15,991,292)	(499,387)
Total Net Position	\$12,534,049	\$14,186,384	(\$1,652,335)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

Total assets decreased \$1,688,717, primarily due to a decrease in capital assets due to depreciation. Total liabilities increased \$3,714,671 primarily due to the net pension liability. The increase in net pension liability was offset by decreases in accrued wages and benefits and other amounts due in more than one year due to the repayment of debt.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2017, and comparisons to fiscal year 2016.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

Table 2
Changes in Net Position

	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$2,469,218	\$2,301,814	\$167,404
Operating Grants, Contributions and Interest	3,137,564	2,044,531	1,093,033
Capital Grants and Contributions	0	2,680	(2,680)
Total Program Revenues	5,606,782	4,349,025	1,257,757
General Revenues			
Property Taxes	3,848,584	3,699,919	148,665
Grants and Entitlements	9,258,637	10,592,733	(1,334,096)
Investment Earnings	9,746	10,547	(801)
Gain on Sale of Capital Assets	0	219,606	(219,606)
Miscellaneous	76,756	87,294	(10,538)
Total General Revenues	13,193,723	14,610,099	(1,416,376)
Total Revenues	18,800,505	18,959,124	(158,619)
Program Expenses			
Instruction:			
Regular	7,789,625	7,954,271	(164,646)
Special	3,004,649	2,257,744	746,905
Vocational	298,026	241,206	56,820
Intervention	281,084	274,937	6,147
Support Services:			
Pupils	893,496	778,108	115,388
Instructional Staff	129,585	95,818	33,767
Board of Education	344,800	316,301	28,499
Administration	1,300,416	1,064,579	235,837
Fiscal	813,770	799,984	13,786
Operation and Maintenance of Plant	2,106,730	1,456,233	650,497
Pupil Transportation	881,443	680,136	201,307
Central	138,747	366,001	(227,254)
Operation of Non-Instructional Services:			
Food Service Operations	849,489	648,684	200,805
Community Services	209,650	228,000	(18,350)
Extracurricular Activities	839,594	698,816	140,778
Interest and Fiscal Charges	571,736	544,831	26,905
Total Expenses	20,452,840	18,405,649	2,047,191
Increase (Decrease) in Net Position	(1,652,335)	553,475	(2,205,810)
Net Position at Beginning of Year	14,186,384	13,632,909	553,475
Net Position at End of Year	\$12,534,049	\$14,186,384	(\$1,652,335)

Property taxes made up approximately 20.5 percent of revenues for governmental activities for the Ironton City School District. Of the remaining revenues, the School District receives 65.9 percent from state foundation, federal, and state grants; 13.1 percent from charges for services; and 0.5 percent from investment earnings, gain on sale of capital assets and miscellaneous.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. Additionally, increases in property taxes would only have a nominal effect upon the School District's total revenue. Basically, the mills collected decreases as the property valuation increases, thus generating about the same revenue.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

Approximately 55.6 percent of the School District's budget for expenditures is used to fund instructional expenses. Support services make up 32.3 percent of expenses and 12.1 percent is used for interest and fiscal charges, extracurricular activities, food service operations, and community services.

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

Table 3

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2017	2017	2016	2016
Program Expenses				
Instruction:				
Regular	\$7,789,625	\$5,426,020	\$7,954,271	\$5,693,246
Special	3,004,649	1,377,389	2,257,744	1,598,402
Vocational	298,026	255,410	241,206	191,907
Student Intervention Services	281,084	281,084	274,937	274,937
Support Services:				
Pupils	893,496	571,133	778,108	593,234
Instructional Staff	129,585	126,481	95,818	95,818
Board of Education	344,800	339,400	316,301	310,901
Administration	1,300,416	1,299,854	1,064,579	1,063,046
Fiscal	813,770	765,217	799,984	767,828
Operation and Maintenance of Plant	2,106,730	2,046,508	1,456,233	1,379,305
Pupil Transportation	881,443	854,586	680,136	680,136
Central	138,747	138,747	366,001	366,001
Operation of Non-Instructional Services:				
Food Service Operations	849,489	250,852	648,684	76,450
Community Services	209,650	11,877	228,000	34,560
Extracurricular Activities	839,594	529,764	698,816	386,022
Interest and Fiscal Charges	571,736	571,736	544,831	544,831
Total	<u>\$20,452,840</u>	<u>\$14,846,058</u>	<u>\$18,405,649</u>	<u>\$14,056,624</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 72.6 percent of all School District activities are supported through taxes and other general revenues.

The School District Funds

The School District has two major funds: the General Fund and the Bond Retirement Fund. All governmental funds had total revenues of \$18,861,955 and expenditures of \$18,687,649. The General Fund's balance increased \$216,363 due to increases in revenue from property taxes and tuition and fees. The Bond Retirement Fund's balance increased \$42,540 due to revenues from property taxes and homestead and rollback exceeding expenses relating to long-term liabilities.

General Fund Budgeting Highlights

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

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

During the course of fiscal year 2017, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, final estimated revenues were \$15,051,886, above original estimates of \$14,485,426. This difference was due to conservative estimates for all revenue types at the beginning of the fiscal year. Also, final estimated expenditures were \$15,109,910, more than original estimates of \$14,758,047. Original appropriations were increased \$351,863 among all expenditure classifications due to salary and benefits changes and grant funding levels becoming available.

The School District's ending unobligated General Fund balance was \$3,787,871.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$41,295,884 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

Table 4
Capital Assets
(Net of Depreciation)

	2017	2016
Land	\$471,255	\$471,255
Land Improvements	4,349,197	4,660,093
Buildings and Improvements	35,951,695	37,109,325
Furniture and Equipment	421,278	487,264
Vehicles	102,459	125,197
Totals	<u>\$41,295,884</u>	<u>\$42,853,134</u>

See Note 9 for more information on Capital Assets.

Debt

At June 30, 2017, the School District had the following debt outstanding:

Table 5
Outstanding Debt, at Fiscal Year End

	2017	2016
2006 School Facilities Construction and Improvement Bonds, 4.0-5.0%	\$0	\$441,130
2010 School Facilities Construction and Improvement Bonds, 2.0-5.0%	2,999,116	3,005,462
2013 Refunding Bonds, 1.00-3.25%	9,048,234	9,205,903
2015 Refunding Bonds, 1.00-4.00%	4,205,967	4,248,336
	<u>\$16,253,317</u>	<u>\$16,900,831</u>

See Note 14 for more information on debt.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2017

Unaudited

Economic Factors

The School District depends on the State School Foundation Program. Revenues from the State School Foundation program accounts for \$8,063,758 or 42.9 percent of total revenues of \$18,800,505. The School District continued to monitor its current spending levels in order to stay within its revenues. The School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patty Wade, Treasurer at Ironton City School District, 105 South Fifth Street, Ironton, Ohio 45638.

Ironton City School District, Ohio

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,969,642
Intergovernmental Receivable	464,819
Inventory Held for Resale	6,680
Materials and Supplies Inventory	1,603
Prepaid Items	38,145
Accounts Receivable	30,749
Property Taxes Receivable	3,592,359
Nondepreciable Capital Assets	471,255
Depreciable Capital Assets, Net	<u>40,824,629</u>
 <i>Total Assets</i>	 <u>51,399,881</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	1,473,831
Pension	<u>4,480,251</u>
 <i>Total Deferred Outflows of Resources</i>	 <u>5,954,082</u>
Liabilities	
Accounts Payable	25,296
Accrued Wages and Benefits Payable	1,097,091
Accrued Interest Payable	37,259
Vacation Benefits Payable	101,621
Intergovernmental Payable	370,424
Long-Term Liabilities:	
Due within One Year	747,278
Due in More than One Year:	
Net Pension Liability (See Note 12)	23,585,908
Other Amounts Due in More Than One Year	<u>15,913,322</u>
 <i>Total Liabilities</i>	 <u>41,878,199</u>
Deferred Inflow of Resources	
Property Taxes	2,833,696
Pension	<u>108,019</u>
 <i>Total Deferred Inflows of Resources</i>	 <u>2,941,715</u>
Net Position	
Net Investment in Capital Assets	27,141,422
Restricted for:	
Debt Service	1,257,741
Capital Projects	150,861
Athletics	73,129
Facilities Maintenance	87,065
Local Grant Expenditures	27,282
State Grant Expenditures	49,194
Federal Grant Expenditures	223,091
Unclaimed Monies	5,115
Other Purposes	9,828
Unrestricted (Deficit)	<u>(16,490,679)</u>
 <i>Total Net Position</i>	 <u>\$12,534,049</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June, 30, 2017

	Program Revenues		Net (Expense)	
	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position	
Expenses			Governmental Activities	
Governmental Activities				
Instruction:				
Regular	\$7,789,625	\$2,119,765	\$243,840	(\$5,426,020)
Special	3,004,649	2,208	1,625,052	(1,377,389)
Vocational	298,026	0	42,616	(255,410)
Student Intervention Services	281,084	0	0	(281,084)
Support Services:				
Pupils	893,496	0	322,363	(571,133)
Instructional Staff	129,585	0	3,104	(126,481)
Board of Education	344,800	0	5,400	(339,400)
Administration	1,300,416	0	562	(1,299,854)
Fiscal	813,770	0	48,553	(765,217)
Operation and Maintenance of Plant	2,106,730	9,000	51,222	(2,046,508)
Pupil Transportation	881,443	0	26,857	(854,586)
Central	138,747	0	0	(138,747)
Operation of Non-Instructional Services:				
Food Service Operations	849,489	28,422	570,215	(250,852)
Community Services	209,650	0	197,773	(11,877)
Extracurricular Activities	839,594	309,823	7	(529,764)
Interest and Fiscal Charges	571,736	0	0	(571,736)
Totals	20,452,840	2,469,218	3,137,564	(14,846,058)
General Revenues				
Property Taxes Levied for:				
General Purposes			2,774,771	
Debt Service			1,018,504	
Classroom Facilities Maintenance			55,309	
Grants and Entitlements not Restricted to Specific Programs			9,258,637	
Investment Earnings			9,746	
Miscellaneous			76,756	
<i>Total General Revenues</i>			<u>13,193,723</u>	
<i>Change in Net Position</i>			(1,652,335)	
<i>Net Position at Beginning of Year</i>			<u>14,186,384</u>	
<i>Net Position at End of Year</i>			<u>\$12,534,049</u>	

See accompanying notes to the basic financial statements

Ironton City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2017

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,016,827	\$1,140,937	\$806,763	\$5,964,527
Receivables:				
Property Taxes	2,604,309	936,759	51,291	3,592,359
Accounts	0	0	30,749	30,749
Intergovernmental	49,715	0	415,104	464,819
Interfund	118,241	0	0	118,241
Prepaid Items	37,782	0	363	38,145
Materials and Supplies Inventory	0	0	1,603	1,603
Inventory Held for Resale	0	0	6,680	6,680
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	5,115	0	0	5,115
Total Assets	6,831,989	2,077,696	1,312,553	10,222,238
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	23,333	0	1,963	25,296
Accrued Wages and Benefits Payable	927,880	0	169,211	1,097,091
Interfund Payable	0	0	118,241	118,241
Intergovernmental Payable	324,814	0	45,610	370,424
Total Liabilities	1,276,027	0	335,025	1,611,052
Deferred Inflows of Resources				
Property Taxes	2,056,020	737,080	40,596	2,833,696
Unavailable Revenue	202,612	72,392	286,670	561,674
<i>Total Deferred Inflows of Resources</i>	<i>2,258,632</i>	<i>809,472</i>	<i>327,266</i>	<i>3,395,370</i>
Fund Balances				
Nonspendable				
Inventories	0	0	1,603	1,603
Prepaid Items	37,782	0	363	38,145
Unclaimed Monies	5,115	0	0	5,115
Restricted for:				
Athletics and Music	0	0	73,129	73,129
Facilities Maintenance	0	0	83,286	83,286
Local Grant Expenditures	0	0	27,282	27,282
State Grant Expenditures	0	0	49,194	49,194
Federal Grant Expenditures	0	0	35,992	35,992
Debt Service Expenditures	0	1,268,224	0	1,268,224
Capital Improvements	0	0	150,861	150,861
Other Purposes	0	0	26,175	26,175
Committed to:				
Health Insurance Contingency	119,924	0	0	119,924
Professional Services	19,303	0	0	19,303
Assigned				
Purchases on Order	58,222	0	0	58,222
Subsequent Year Appropriations	1,568,269	0	0	1,568,269
School Support Services	21,585	0	0	21,585
Capital Improvements	0	0	278,691	278,691
Unassigned (Deficit)	1,467,130	0	(76,314)	1,390,816
Total Fund Balances	3,297,330	1,268,224	650,262	5,215,816
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<i>\$6,831,989</i>	<i>\$2,077,696</i>	<i>\$1,312,553</i>	<i>\$10,222,238</i>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2017*

Total Governmental Fund Balances	\$5,215,816
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Amounts reported for governmental activities in the statement of net position are different because

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,295,884
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Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:	
Delinquent Property Taxes	272,650
Tuition and Fees	4,810
Grants	284,214
	561,674

Deferred Outflows of Resources represent deferred charges on refunding which do not provide current financial resources and therefore are not reported in the funds.	1,473,831
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The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:	
Deferred Outflows - Pension	4,480,251
Deferred Inflows - Pension	(108,019)
Net Pension Liability	(23,585,908)
	(19,213,676)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(2,999,116)
Refunding Bonds	(13,254,201)
Accrued Interest Payable	(37,259)
Sick Leave Benefits Payable	(407,283)
Vacation Benefits Payable	(101,621)
	(16,799,480)

Net Position of Governmental Activities	\$12,534,049
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See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$2,810,643	\$1,039,604	\$56,333	\$3,906,580
Intergovernmental	10,234,946	172,930	1,980,421	12,388,297
Investment Earnings	9,746	0	7	9,753
Tuition and Fees	2,042,198	0	0	2,042,198
Charges for Services	0	0	28,422	28,422
Extracurricular	74,965	0	309,823	384,788
Rent	9,000	0	0	9,000
Donations	0	0	2,404	2,404
Miscellaneous	88,710	0	1,803	90,513
<i>Total Revenues</i>	<u>15,270,208</u>	<u>1,212,534</u>	<u>2,379,213</u>	<u>18,861,955</u>
Expenditures				
Current:				
Instruction:				
Regular	6,514,265	0	268,666	6,782,931
Special	1,905,474	0	703,913	2,609,387
Vocational	251,386	0	0	251,386
Student Intervention Services	281,084	0	0	281,084
Support Services:				
Pupils	607,285	0	171,516	778,801
Instructional Staff	101,174	0	3,544	104,718
Board of Education	336,010	0	8,100	344,110
Administration	1,143,736	0	616	1,144,352
Fiscal	716,432	35,466	50,736	802,634
Operation and Maintenance of Plant	1,851,699	0	157,331	2,009,030
Pupil Transportation	729,586	0	0	729,586
Central	118,706	0	0	118,706
Operation of Non-Instructional Services	0	0	893,720	893,720
Extracurricular Activities	391,778	0	307,901	699,679
Capital Outlay	0	0	2,997	2,997
Debt Service:				
Principal Retirement	0	675,000	0	675,000
Interest and Fiscal Charges	0	459,528	0	459,528
<i>Total Expenditures</i>	<u>14,948,615</u>	<u>1,169,994</u>	<u>2,569,040</u>	<u>18,687,649</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>321,593</u>	<u>42,540</u>	<u>(189,827)</u>	<u>174,306</u>
Other Financing Sources (Uses)				
Transfers In	0	0	105,230	105,230
Transfers Out	(105,230)	0	0	(105,230)
<i>Total Other Financing Sources (Uses)</i>	<u>(105,230)</u>	<u>0</u>	<u>105,230</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	216,363	42,540	(84,597)	174,306
<i>Fund Balances at Beginning of Year</i>	<u>3,080,967</u>	<u>1,225,684</u>	<u>734,859</u>	<u>5,041,510</u>
<i>Fund Balances at End of Year</i>	<u>\$3,297,330</u>	<u>\$1,268,224</u>	<u>\$650,262</u>	<u>\$5,215,816</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balances - Total Governmental Funds \$174,306

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:

Capital Asset Additions	19,927	
Depreciation Expense	<u>(1,573,684)</u>	(1,553,757)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposal of assets:

(3,493)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Taxes	(57,996)	
Grants	5,493	
Tuition and Fees	4,810	
Miscellaneous	<u>(13,757)</u>	(61,450)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

675,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Accretion of Capital Appreciation Bonds	(203,087)	
Accrued Interest Payable	2,070	
Amortization of Discount	(7,682)	
Amortization of Premium	183,283	
Amortization of Deferred Amount on Refunding	<u>(86,792)</u>	(112,208)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

1,192,888

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(1,896,484)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(34,871)	
Sick Leave Benefits Payable	<u>(32,266)</u>	<u>(67,137)</u>

Change in Net Position of Governmental Activities

(\$1,652,335)

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,295,257	\$2,714,009	\$2,714,009	\$0
Intergovernmental	10,112,468	10,216,734	10,216,734	0
Investment Earnings	10,000	9,747	9,747	0
Tuition and Fees	1,995,201	2,038,343	2,038,343	0
Rent	12,500	9,000	9,000	0
Miscellaneous	60,000	64,053	64,053	0
<i>Total Revenues</i>	14,485,426	15,051,886	15,051,886	0
Expenditures				
Current:				
Instruction:				
Regular	6,517,001	6,535,540	6,535,540	0
Special	1,674,216	1,909,295	1,909,295	0
Vocational	251,794	256,902	256,902	0
Student Intervention Services	280,079	283,234	283,234	0
Support Services:				
Pupils	630,283	614,420	614,420	0
Instructional Staff	99,882	102,678	102,678	0
Board of Education	333,050	343,633	343,633	0
Administration	1,143,877	1,164,779	1,164,779	0
Fiscal	765,600	721,937	721,937	0
Operation and Maintenance of Plant	1,737,923	1,909,927	1,909,927	0
Pupil Transportation	811,500	755,917	755,917	0
Central	121,443	119,954	119,954	0
Extracurricular Activities	391,399	391,694	391,694	0
<i>Total Expenditures</i>	14,758,047	15,109,910	15,109,910	0
<i>Excess of Revenues Under Expenditures</i>	(272,621)	(58,024)	(58,024)	0
Other Financing Sources (Uses)				
Advances In	75,000	1,137	1,137	0
Refund of Prior Year Expenditures	0	6,641	6,641	0
Transfers Out	(22,977)	(105,230)	(105,230)	0
Advances Out	(1,194)	(118,241)	(118,241)	0
Refund of Prior Year Receipts	0	(52)	(52)	0
<i>Total Other Financing Sources (Uses)</i>	50,829	(215,745)	(215,745)	0
<i>Net Change in Fund Balance</i>	(221,792)	(273,769)	(273,769)	0
<i>Fund Balance at Beginning of Year (Restated - See Note 22)</i>	4,004,329	4,004,329	4,004,329	0
Prior Year Encumbrances Appropriated	57,311	57,311	57,311	0
<i>Fund Balance at End of Year</i>	\$3,839,848	\$3,787,871	\$3,787,871	\$0

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	<u>Private- Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$76,372	<u>\$59,894</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$59,894</u>
Net Position		
Restricted for Endowments	53,358	
Held in Trust for Scholarships	<u>23,014</u>	
<i>Total Net Position</i>	<u>\$76,372</u>	

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

Additions	
Gifts and Contributions	\$3,500
Interest	<u>94</u>
Total Additions	3,594
Deductions	
Scholarships	<u>1,500</u>
<i>Change in Net Position</i>	2,094
<i>Net Position at Beginning of Year</i>	<u>74,278</u>
<i>Net Position at End of Year</i>	<u><u>\$76,372</u></u>

See accompanying notes to the basic financial statements

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Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Note 1 - Description of the School District and Reporting Entity

Ironton City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's three instructional/support facilities staffed by 79 classified employees, 105 certified teaching personnel, and five administrators who provide services to 1,428 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the 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 benefit to, or impose specific financial burdens on, the primary government. This School District has no component units.

The following activities are included within the reporting entity:

Parochial Schools Within the School District boundaries, St. Lawrence Elementary and St. Joseph High School are operated through the Steubenville Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in four jointly governed organizations and three insurance purchasing pools. These organizations are the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), the Collins Career Center, the Lawrence County Academy, the Educational Regional Service System (ERSS) Region 15, the Ohio School Plan, the Lawrence County Schools Council of Governments Health Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the School District at 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 therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities 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 all financial resources except those required to be accounted for in another fund.

Bond Retirement Fund The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, interest, and related costs.

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities 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 current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Private purpose trust funds are accounted for using a flow of economic resources measurement focus.

D. Basis of Accounting

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. 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 16. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12)

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

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for a portion of the School Facilities Fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2017, investments included non-negotiable certificates of deposit, which are reported at cost.

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 2017 amounted to \$9,746, which includes \$3,493 assigned from other School District funds.

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

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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 the services are consumed.

H. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to 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.

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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

Description	Governmental Activities Estimated Lives
Land Improvements	28-50 years
Buildings and Improvements	50 years
Furniture and Equipment	5-20 years
Vehicles	3-10 years

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the School District are reported as restricted.

J. 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 liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities, since at the employee's request, any carry-over may be paid to the employees each year, or carried over.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after 20 years of current service with the School District.

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, net pension liability, judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

L. Interfund Activity

Transfers within governmental activities were eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

M. Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

N. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Educational Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2018's appropriated budget.

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

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 the amounts in any of the unrestricted fund balance classifications could be used.

O. Bond Premiums and Discounts

On government-wide financial statement, bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable. Bond premiums are presented as an increase of the face amount of the bonds payable. Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

On the governmental fund statements, bond premiums and bond discounts are recognized in the period in which the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

P. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Q. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

R. Pensions

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

S. Extraordinary and Special Items

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

T. 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.

U. Budgetary Process

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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 on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

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 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. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

Note 3 - Changes in Accounting Principles

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2017:

Special Revenue Funds:	
Food Service	\$46,382
Special Education Part B-Idea	2,342
Title I	15,802
Improving Teacher Quality	9,822

These deficits are due to the recognition of accrued liabilities in accordance with generally accepted accounting principles. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment or commitment of fund balance (GAAP basis).
4. Prepaid items and unreported cash are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP 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).

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

Net Change in Fund Balance	
	General Fund
	<u> </u>
GAAP Basis	\$216,363
Net Adjustment for:	
Revenue Accruals	(136,516)
Expenditure Accruals	(99,308)
Unreported Cash:	
Beginning of Fiscal Year	74
End of Fiscal Year	(73)
Advances In	1,137
Advances Out	(118,241)
Prepaid Items:	
End of Fiscal Year	(37,782)
To reclassify excess of revenues over expenditures into financial statement fund types	(6,934)
Encumbrances	<u>(92,489)</u>
Budget Basis	<u><u>(\$273,769)</u></u>

Note 6 - Deposits and Investments

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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 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.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations or political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) 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.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$5,755,196 of the School District's bank balance of \$6,262,196 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at 105 percent.

Note 7 - Property Taxes and Abatements

A. 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 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute 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 2017 represents collections of calendar year 2016 taxes. Public utility real personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2017, was \$351,810 in the General Fund, \$127,287 in the Bond Retirement Fund, and \$6,916 in the School Facilities Fund. The amount available as an advance at June 30, 2016, was \$255,176 in the General Fund, \$102,533 in the Bond Retirement Fund, and \$5,343 in the School Facilities 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 revenues.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second- Half Collections		2017 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$106,940,950	73%	\$116,693,830	74%
Public Utility Personal	31,455,080	21%	32,645,610	21%
General Business Personal	8,937,370	6%	8,560,830	5%
Total	<u>\$147,333,400</u>	<u>100%</u>	<u>\$157,900,270</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation		\$33.70		\$32.80

B. Abatements

Pursuant to Section 5709.82 of the Ohio Revised Code the City of Ironton established a Community Reinvestment Area (CRA). The City has offered CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth. The abatements equal an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. Each taxing authority within the boundaries of the Community Reinvestment Area, including the School District, share in the abated amount of property taxes. The amount of fiscal year 2017 taxes reduced by overlapping governments (city agreements) for the Community Reinvestment Area for retail/real estate/medical is \$97,959.

Note 8 - Receivables

Receivables at June 30, 2017, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year. The delinquent property taxes amounted to \$272,650.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Total
Title I	\$208,106
Special Education Part B Idea	138,993
Title II-A	57,676
State Foundation	25,957
Bureau of Worker's Compensation	18,389
Early Childhood Education	9,755
Medicaid Reimbursements	5,943
Total Intergovernmental Receivable	\$464,819

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$471,255	\$0	\$0	\$471,255
Depreciable Capital Assets:				
Land Improvements	6,406,366	0	0	6,406,366
Buildings and Improvements	46,181,250	0	0	46,181,250
Furniture and Equipment	1,191,264	19,927	(6,550)	1,204,641
Vehicles	929,771	0	0	929,771
Total Capital Assets being Depreciated	54,708,651	19,927	(6,550)	54,722,028
Less Accumulated Depreciation				
Land Improvements	(1,746,273)	(310,896)	0	(2,057,169)
Buildings and Improvements	(9,071,925)	(1,157,630)	0	(10,229,555)
Furniture and Equipment	(704,000)	(76,920)	3,057	(777,863)
Vehicles	(804,574)	(28,238)	0	(832,812)
Total Accumulated Depreciation	(12,326,772)	(1,573,684) *	3,057	(13,897,399)
Total Capital Assets being Depreciated, Net	42,381,879	(1,553,757)	(3,493)	40,824,629
Capital Assets, Net	\$42,853,134	(\$1,553,757)	(\$3,493)	\$41,295,884

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$681,067
Special	262,836
Vocational	31,195
Support Services:	
Pupils	53,087
Instructional Staff	19,540
Administration	78,374
Operation and Maintenance of Plant	89,228
Pupil Transportation	129,365
Central	10,106
Operation of Non-Instructional Services:	
Food Service Operations	118,352
Extracurricular Activities	100,534
Total Depreciation Expense	\$1,573,684

Ironton City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with Hylant Administrative Services for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$72,074,855
Automobile Liability (\$0 deductible):	
Bodily Injury and Property Damage – combined single limit	2,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$2,000,000
Aggregate Limit	4,000,000
Products – Complete Operations Aggregate Limit	2,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	2,000,000
Per Disease Each Employee	2,000,000
Per Disease Policy Limit	2,000,000
Employee Benefits Liability:	
Per Claim	2,000,000
Aggregate Limit	4,000,000
Excess Liability:	
Each Occurrence	2,000,000
Aggregate Limit	4,000,000

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

B. Workers' Compensation

For fiscal year 2017, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Employees who earn vacation can carry over unused vacation for one year. If vacation is unused after that year, upon employee request, the employee may be paid for it at that time. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 80 days.

B. Life Insurance and Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to certified and classified employees through Guardian Insurance Inc., in the amount of \$30,000 and \$20,000, respectively.

Health insurance is provided by Anthem, Inc. Premiums for this coverage are \$1,725.17 for family coverage and \$698.45 for single coverage. The School District pays 85% of the premium for employees hired before August 1, 2009. For employees hired after August 1, 2009, the School District pays 70% of the premium. Dental insurance is provided by Guardian. Premiums are \$19.95 for individual coverage and \$66.17 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference. Vision insurance is provided by Guardian. Premiums are \$6.80 for individual coverage and \$14.62 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference.

Note 12 - Defined Benefit Pension Plans

A. Net Pension Liability

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

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

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

The School District's contractually required contribution to SERS was \$322,537 for fiscal year 2017. Of this amount, \$85,595 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$870,351 for fiscal year 2017. Of this amount, \$138,104 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.06800100%	0.05521284%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.06627050%	0.05597201%	
Change in Proportionate Share	-0.00173050%	0.00075917%	
			Total
Proportionate Share of the Net			
Pension Liability	\$4,850,389	\$18,735,519	\$23,585,908
Pension Expense	\$461,325	\$1,435,159	\$1,896,484

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$65,420	\$757,005	\$822,425
Changes of assumptions	323,790	0	323,790
Net difference between projected and actual earnings on pension plan investments	400,087	1,555,551	1,955,638
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	185,510	185,510
School District contributions subsequent to the measurement date	322,537	870,351	1,192,888
Total Deferred Outflows of Resources	\$1,111,834	\$3,368,417	\$4,480,251
Deferred Inflows of Resources			
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	\$108,019	\$0	\$108,019

\$1,192,888 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$154,388	\$414,495	\$568,883
2019	154,099	414,495	568,594
2020	257,782	1,011,406	1,269,188
2021	115,009	657,670	772,679
Total	\$681,278	\$2,498,066	\$3,179,344

Actuarial Assumptions - SERS

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

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

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

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented below:

	June 30, 2016	June 30, 2015
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
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that 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. For 2015, the mortality assumptions were 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.

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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. 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.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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	\$6,421,613	\$4,850,389	\$3,535,209

Actuarial Assumptions - STRS

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

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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

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

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the 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 7.75 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$24,897,982	\$18,735,519	\$13,537,118

Changes between Measurement Date and Report Date

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

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2017, no members of the Board of Education elected Social Security. The Board's liability would be 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

A. School Employees Retirement System

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 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. 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.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation 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 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$74,084.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$74,084, \$30,158, and \$31,651, respectively. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. 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. For the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/2016	Additions	Reductions	Principal Outstanding 6/30/2017	Amounts Due in One Year
Governmental Activities					
2006 School Facilities Construction and Improvement Bonds, 4.0-5.0%					
Serial Bonds	\$435,000	\$0	\$435,000	\$0	\$0
Premium on Bonds	8,044	0	8,044	0	0
Discount on Bonds	(1,914)	0	(1,914)	0	0
2010 School Facilities Construction and Improvement Bonds, 2.0-5.0%					
Serial Bonds	315,000	0	5,000	310,000	55,000
Term Bonds	2,665,000	0	0	2,665,000	0
Premium on Bonds	48,162	0	2,546	45,616	0
Discount on Bonds	(22,700)	0	(1,200)	(21,500)	0
2013 Refunding Bonds, 1.00-3.25%					
Serial Bonds	7,035,000	0	175,000	6,860,000	180,000
Term Bonds	250,000	0	0	250,000	0
Discount on Bonds	(84,128)	0	(4,568)	(79,560)	0
Capital Appreciation Bonds, 19.759-20.298%					
Premium on Bonds	420,000	0	0	420,000	0
Accretion on Capital Appreciation Bonds	1,245,509	0	147,981	1,097,528	0
2015 Refunding Bonds, 1.00-4.00%					
Serial Bonds	2,930,000	0	60,000	2,870,000	495,000
Term Bonds	725,000	0	0	725,000	0
Capital Appreciation Bonds - 13.819%	260,000	0	0	260,000	0
Premium on Serial Bonds	81,074	0	6,756	74,318	0
Premium on Term Bonds	18,992	0	1,583	17,409	0
Premium on Capital Appreciation Bonds	196,471	0	16,373	180,098	0
Accretion on Capital Appreciation Bonds	36,799	42,343	0	79,142	0
Total General Obligation Bonds	16,900,831	203,087	850,601	16,253,317	730,000
Net Pension Liability					
STRS	15,259,214	3,476,305	0	18,735,519	0
SERS	3,880,203	970,186	0	4,850,389	0
Total Net Pension Liability	19,139,417	4,446,491	0	23,585,908	0
Sick Leave Benefits	375,017	48,404	16,138	407,283	17,278
Total Governmental Activities Long-Term Liabilities	\$36,415,265	\$4,697,982	\$866,739	\$40,246,508	\$747,278

Sick leave benefits are paid from the fund from which the employees' salaries are paid, which includes the General Fund and Lunchroom Special Revenue Funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: General Fund, and the Food Service, Auxiliary, Title I, IDEA-B, and Title II-A Special Revenue Funds. See Note 12 for additional information related to net pension liability.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

On May 19, 2010, the School District issued \$3,000,000 in voted general obligation bonds to pay off a note which had been issued to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program. On October 18, 2006, the School District issued \$15,000,000 in voted general obligation bonds to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program. These bonds were partially refunded in 2013 and in 2015.

On March 21, 2013, the School District issued refunding bonds of \$8,240,000 consisting of \$7,570,000 in serial bonds, \$420,000 in capital appreciation bonds, and \$250,000 in term bonds. The refunding bonds will mature on December 1, 2034. These bonds were issued to advance refund part of the 2006 School Building Construction Bonds. The advance refunded portion of the bonds, as well as the unamortized premium and discount of these advance refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$1,650,060. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2017 was \$74,160. At the date of the refunding, \$9,696,706 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2006 bonds. The refunded bonds were called and paid on December 1, 2016.

On July 7, 2015, the School District issued refunding bonds of \$3,955,000 consisting of \$2,970,000 in serial bonds, \$260,000 in capital appreciation bonds, and \$725,000 in term bonds. The refunding bonds will mature on December 1, 2027. These bonds were issued to advance refund a portion of the 2006 School Building Construction Bonds, consisting of \$1,930,000 in serial bonds and \$2,025,000 in term bonds. The advance refunded portion of the bonds, as well as the unamortized premium and discount of these advance refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$164,215. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2017 was \$12,632. At the date of the refunding, \$4,183,070 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2006 bonds. The refunded bonds were called and paid on December 1, 2016.

The current interest term bonds due December 1, 2022, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$140,000

The remaining principal amount of such current interest term bonds (\$150,000) will be paid at stated maturity on December 1, 2023.

The current interest term bonds due December 1, 2024, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$155,000

The remaining principal amount of such current interest term bonds (\$160,000) will be paid at stated maturity on December 1, 2024.

The current interest term bonds due December 1, 2026, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2025	\$165,000

The remaining principal amount of such current interest term bonds (\$170,000) will be paid at stated maturity on December 1, 2026.

The current interest term bonds due December 1, 2029, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$180,000
2028	190,000

The remaining principal amount of such current interest term bonds (\$200,000) will be paid at stated maturity on December 1, 2029.

The current interest term bonds due December 1, 2034, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2030	\$210,000
2031	220,000
2032	230,000
2033	240,000

The remaining principal amount of such current interest term bonds (\$255,000) will be paid at stated maturity on December 1, 2034.

The current interest term bonds maturing on December 1, 2020 and thereafter are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

The current interest term bonds due December 1, 2027, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2025	\$80,000
2026	85,000

The remaining principal amount of such current interest term bonds (\$85,000) will be paid at stated maturity on December 1, 2034.

The current interest term bonds due December 1, 2025, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$20,000
2022	20,000
2023	20,000
2024	20,000

The remaining principal amount of such current interest term bonds (\$645,000) will be paid at stated maturity on December 1, 2025.

The current interest term bonds maturing on December 1, 2021 and thereafter are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after June 1, 2023, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The capital appreciation bonds related to the 2013 refunding will mature in fiscal year 2025. The maturity amount of the bonds is \$2,840,000. For the fiscal year 2017, \$160,744 was accreted for a total bond value of \$920,266.

The capital appreciation bonds related to the 2015 refunding will mature in fiscal year 2021. The maturity amount of the bonds is \$535,000. For the fiscal year 2017, \$42,343 was accreted for a total bond value of \$339,142.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2017, were as follows:

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Fiscal Year Ending June 30,	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$730,000	\$288,990	\$0	\$0	\$0	\$150,988
2019	745,000	274,520	0	0	0	150,987
2020	765,000	253,969	0	0	0	150,988
2021	315,000	236,719	260,000	275,000	0	150,987
2022	0	232,675	135,000	575,000	160,000	148,133
2023-2027	665,000	1,153,400	285,000	1,845,000	1,670,000	612,370
2028-2032	4,030,000	775,105	0	0	1,085,000	312,419
2033-2035	2,790,000	137,963	0	0	725,000	55,625
	<u>\$10,040,000</u>	<u>\$3,353,341</u>	<u>\$680,000</u>	<u>\$2,695,000</u>	<u>\$3,640,000</u>	<u>\$1,732,497</u>

The School District's voted legal debt margin was \$1,119,248, with an unvoted debt margin of \$157,900 at June 30, 2017.

Note 15 - Interfund Transactions

As of June 30, 2017, receivables and payables that resulted from various interfund transactions were as follows:

	Receivable	Payable
General Fund	\$118,241	\$0
Other Governmental Funds:		
Public School Preschool	0	9,755
Special Education IDEA Part B	0	42,673
Title I	0	52,694
Improving Teacher Quality	0	13,119
Total	0	118,241
Total All Funds	\$118,241	\$118,241

The interfund balances result from the provision of cash flow resources from the General Fund until the receipt of grant monies by the grant funds.

The General Fund transferred \$105,230 to the Food Service Special Revenue Fund during fiscal year 2017. The transfer was made to move unrestricted balances to cover revenue shortfalls for the fiscal year of the food service operations.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Note 16 - Jointly Governed Organizations

The School District participates in the **South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG)** which is organized under ORC Code Chapter 167 as a council of governments. SCOCARCoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board.

During fiscal year 2016, SCOCARCoG entered into a merger agreement with Metropolitan Educational Technology Association ("META"). Pursuant to an addendum to the agreement, certain liabilities will remain the sole responsibility of SCOCARCoG, and once these remaining liabilities are satisfied, SCOCARCoG will be dissolved and the member districts will become members of META. SCOCARCoG entered into a subcontract agreement with META to provide services to SCOCARCoG, and on behalf of SCOCARCoG, to the member districts. The sub-contract agreement is currently set to expire after October 31, 2017. Consistent with the merger agreement and updated bylaws, SCOCARCoG is currently governed by a four person executive governing board. The School District paid SCOCARCoG \$90,431 for services provided during the fiscal year. Financial information can be obtained from the SCOCARCoG through META Solutions, David Varda, CFO, 100 Executive Drive, Marion, Ohio, 43302.

The Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District, and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. Ironton City School District made no payments to the Collins Career Center in fiscal year 2017. To obtain financial information write to the Collins Career Center, 11627 State Route 243, Chesapeake, OH 45619.

The Lawrence County Academy is a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a seven-member Board of Directors. The Board membership consists of superintendents from Chesapeake Union Exempted Village School District, Fairland Local School District, Dawson Bryant Local School District, South Point Local School District, Symmes Valley Local School District, Ironton City School District, and Rock Hill Local School District. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from Brenda Hill at the Lawrence County Educational Service Center, 304 N. 2nd Street, Ironton, Ohio 456386. The Lawrence County Academy closed effective June 30, 2017.

Ironton City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

The Educational Regional Service System (ERSS) Region 15 is a jointly governed organization consisting of educational entities within Lawrence, Pike, Scioto, and Ross counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the South Central Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662.

Note 17 - Insurance Purchasing Pools

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

The School District participates in the **Lawrence County Schools Council of Governments Health Benefits Program** (Council), a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a council, which consists of the superintendent from each participating school district. The council elects officers for one-year terms to serve on the Board of Directors. The council exercises control over the operation of the council. All council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the council. Each school district reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district will be distributed their net pooled share and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

The School District participates in the **Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP)**, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

Note 18 - Donor Restricted Endowments

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion, are \$53,358. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$23,014 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowments' intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate interest should be used to provide scholarships each year.

Note 19 - Set asides

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. In prior fiscal years, the School District was also required to set aside money for budget stabilization and textbooks.

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2016	\$0
Current Year Set-aside Requirement	258,025
Offsets	<u>(1,110,702)</u>
Total	<u><u>(\$852,677)</u></u>

The School District had qualifying offsets during the fiscal year that reduce the set-aside amount below zero. The excess set-aside may not be carried forward to reduce the set-aside requirements in future fiscal years.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Note 20 - Encumbrances

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

<u>Fund</u>	<u>Amount</u>
General	\$92,489
Nonmajor Governmental Funds	107,739
Total	<u>\$200,228</u>

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

B. Litigation

As of June 30, 2017, the School District is currently not a party to any legal proceedings.

C. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the School District. The School District has recognized a receivable in the amount of \$17,292 from ODE.

Note 22 – Restatement of Fund Balance

For Fiscal Year 2017, a change in fund structure had the following effect on the General Fund budget basis fund balance as it was previously reported:

	<u>General Fund</u>
Budget Basis Fund Balance at June 30, 2016	\$4,083,375
Change in Fund Structure	<u>(79,046)</u>
Restated Budget Basis Fund Balance at June 30, 2017	<u>\$4,004,329</u>

This reclassification had no effect on fund balance or government-wide net position.

Ironton City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Four Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.0662705%	0.0680010%	0.069260%	0.069260%
School District's Proportionate Share of the Net Pension Liability	\$4,850,389	\$3,880,203	\$3,505,209	\$4,118,670
School District's Covered Payroll	\$2,054,914	\$2,117,155	\$1,978,557	\$1,750,111
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	236.04%	183.27%	177.16%	235.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

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

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

Ironton City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Four Fiscal Years (1) **

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.05597201%	0.05521284%	0.05504409%	0.05504409%
School District's Proportionate Share of the Net Pension Liability	\$18,735,519	\$15,259,214	\$13,388,628	\$15,948,446
School District's Covered Payroll	\$5,908,486	\$5,778,307	\$5,680,436	\$5,745,669
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	317.10%	264.08%	235.70%	277.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

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

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Ironton City School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$322,537	\$287,688	\$279,041	\$274,228
Contributions in Relation to the Contractually Required Contribution	<u>(322,537)</u>	<u>(287,688)</u>	<u>(279,041)</u>	<u>(274,228)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll	\$2,303,836	\$2,054,914	\$2,117,155	\$1,978,557
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$242,215	\$236,429	\$223,609	\$250,169	\$182,884	\$180,468
<u>(242,215)</u>	<u>(236,429)</u>	<u>(223,609)</u>	<u>(250,169)</u>	<u>(182,884)</u>	<u>(180,468)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,750,111	\$1,757,840	\$1,778,913	\$1,847,629	\$1,858,580	\$1,837,757
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Ironton City School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$870,351	\$827,188	\$808,963	\$738,457
Contributions in Relation to the Contractually Required Contribution	<u>(870,351)</u>	<u>(827,188)</u>	<u>(808,963)</u>	<u>(738,457)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$6,216,793	\$5,908,486	\$5,778,307	\$5,680,436
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$746,937	\$776,322	\$777,834	\$819,871	\$839,267	\$837,162
<u>(746,937)</u>	<u>(776,322)</u>	<u>(777,834)</u>	<u>(819,871)</u>	<u>(839,267)</u>	<u>(837,162)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,745,669	\$5,971,708	\$5,983,338	\$6,306,700	\$6,455,900	\$6,439,708
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Ironton City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

Changes in Assumptions - SERS

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

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

Amounts reported for fiscal year 2017 use mortality assumptions with 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.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Grant Year	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2016-2017	\$ 0	\$ 40,575
Cash Assistance:				
School Breakfast Program	10.553	2016-2017	0	186,206
National School Lunch Program	10.555	2016-2017	0	356,953
Total Child Nutrition Cluster			<u>0</u>	<u>583,734</u>
Total U.S. Department of Agriculture			<u>0</u>	<u>583,734</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2016	0	136,912
		2017	0	527,411
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>664,323</u>
Special Education Cluster:				
Special Education Grants to States	84.027	2016	0	53,402
		2017	0	306,417
Total Special Education Cluster			<u>0</u>	<u>359,819</u>
Supporting Effective Instruction State Grants	84.367	2016	0	30,465
		2017	0	126,334
Total Supporting Effective Instruction State Grant			<u>0</u>	<u>156,799</u>
Total U.S. Department of Education			<u>0</u>	<u>1,180,941</u>
Total Expenditures of Federal Awards			<u>\$ 0</u>	<u>\$ 1,764,675</u>

The accompanying notes are an integral part of this schedule.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ironton City School District (the School District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 the 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 programs that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, (the School District) as of and for the year ended June 30, 2017, 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 March 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 20, 2018



Dave Yost • Auditor of State

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

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

March 20, 2018

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies: CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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IRONTON CITY SCHOOL DISTRICT

LAWRENCE 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 29, 2018**