



Dave Yost • Auditor of State

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	20
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund	28
Notes to the Basic Financial Statements	29
Schedules of Required Supplementary Information	68
Notes to the Schedules of Required Supplementary Information.....	74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	75

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of the 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 District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2018

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position decreased \$9,267. Net position of governmental activities decreased \$8,133, which represents a less than 1% decrease from 2016's net position. Net position of business-type activities decreased \$1,134 or 2.34% from 2016.
- General governmental revenues accounted for \$8,620,634 in revenue or 76.68% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,621,211 or 23.32% of total revenues of \$11,241,845.
- The District had \$11,249,978 in expenses related to governmental activities; only \$2,621,211 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,620,634 were mostly adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$10,025,912 in revenues and other financing sources and \$8,909,565 in expenditures and other financing uses. The general fund's fund balance increased \$1,116,347 from a balance of \$3,791,418 to a balance of \$4,907,765.
- Net position for the District's enterprise fund decreased \$1,134. The special enterprises fund had \$11,206 in revenues and \$12,340 in 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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's special enterprises operations are reported as business activities.

The District's statement of net position and statement of activities can be found on pages 17-19 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds and the analysis of the District's nonmajor enterprise fund begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps 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. The basic governmental fund financial statements can be found on pages 20-24 of this report.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-67 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 69 through 76 of this report.

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

The District as a Whole

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

	Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>						
Current assets	\$ 8,833,000	\$ 8,065,188	\$ 43,478	\$ 43,762	\$ 8,876,478	\$ 8,108,950
Capital assets, net	<u>16,587,755</u>	<u>16,982,679</u>	<u>3,825</u>	<u>4,675</u>	<u>16,591,580</u>	<u>16,987,354</u>
Total assets	<u>25,420,755</u>	<u>25,047,867</u>	<u>47,303</u>	<u>48,437</u>	<u>25,468,058</u>	<u>25,096,304</u>
<u>Deferred outflows of resources</u>						
Deferred outflows of resources	<u>2,865,180</u>	<u>1,452,013</u>	<u>-</u>	<u>-</u>	<u>2,865,180</u>	<u>1,452,013</u>
<u>Liabilities</u>						
Current liabilities	1,018,219	979,712	-	-	1,018,219	979,712
Long-term liabilities	<u>16,393,621</u>	<u>13,875,937</u>	<u>-</u>	<u>-</u>	<u>16,393,621</u>	<u>13,875,937</u>
Total liabilities	<u>17,411,840</u>	<u>14,855,649</u>	<u>-</u>	<u>-</u>	<u>17,411,840</u>	<u>14,855,649</u>
<u>Deferred inflows of resources</u>						
Deferred inflows of resources	<u>1,374,717</u>	<u>2,136,719</u>	<u>-</u>	<u>-</u>	<u>1,374,717</u>	<u>2,136,719</u>
<u>Net Position</u>						
Net investment in capital assets	15,414,018	15,742,793	3,825	4,675	15,417,843	15,747,468
Restricted	1,265,386	1,537,436	-	-	1,265,386	1,537,436
Unrestricted (deficit)	<u>(7,180,026)</u>	<u>(7,772,718)</u>	<u>43,478</u>	<u>43,762</u>	<u>(7,136,548)</u>	<u>(7,728,956)</u>
Total net position	<u>\$ 9,499,378</u>	<u>\$ 9,507,511</u>	<u>\$ 47,303</u>	<u>\$ 48,437</u>	<u>\$ 9,546,681</u>	<u>\$ 9,555,948</u>

During a prior year, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

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

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

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

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$9,546,681. Of this total, \$9,499,378 is in governmental activities and \$47,303 is in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the District's assets. At year-end, capital assets represented 65.15% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2017, was \$15,414,018 in the governmental activities and \$3,825 in the business-type activities. These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

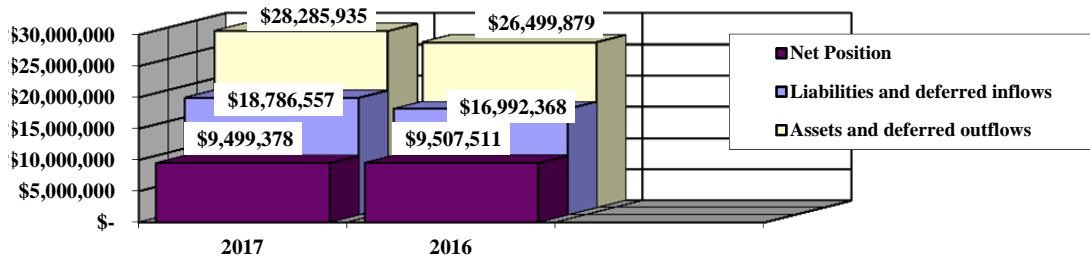
**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

A portion of the District's net position, \$1,265,386, represents resources that are subject to external restriction on how they may be used. In the governmental activities, remaining balance deficit of unrestricted net position is \$7,180,026.

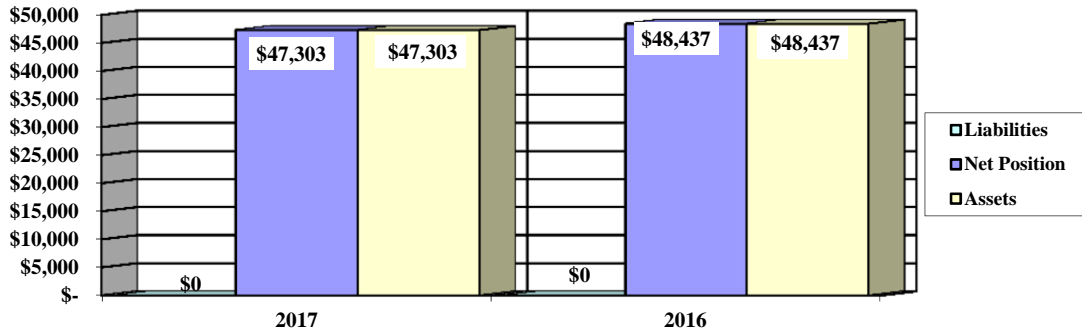
The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2017 and June 30, 2016.

Governmental - Net Position



This table below provides a summary of the District's business-type assets, liabilities and net position at June 30, 2017 and June 30, 2016.

Business-Type - Net Position



**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

The table below shows the change in net position for governmental activities and business-type activities fiscal year 2017 and 2016.

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 1,280,738	\$ 978,578	\$ 11,206	\$ 12,437	\$ 1,291,944	\$ 991,015
Operating grants and contributions	1,340,473	1,253,350	-	-	1,340,473	1,253,350
Capital grants and contributions	-	34,513	-	-	-	34,513
General revenues:						
Property taxes	2,037,151	2,014,945	-	-	2,037,151	2,014,945
Income taxes	886,547	839,682	-	-	886,547	839,682
Grants and entitlements	5,564,293	5,382,034	-	-	5,564,293	5,382,034
Investment earnings	40,101	15,231	-	-	40,101	15,231
Other	92,542	170,741	-	-	92,542	170,741
Total revenues	<u>11,241,845</u>	<u>10,689,074</u>	<u>11,206</u>	<u>12,437</u>	<u>11,253,051</u>	<u>10,701,511</u>

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

Change in Net Position (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses						
Program expenses:						
Instruction:						
Regular	4,067,505	3,693,626	-	-	4,067,505	3,693,626
Special	1,314,708	1,174,282	-	-	1,314,708	1,174,282
Vocational	180,036	150,172	-	-	180,036	150,172
Other	633,350	579,710	-	-	633,350	579,710
Support services:						
Pupil	527,945	512,623	-	-	527,945	512,623
Instructional staff	402,644	463,988	-	-	402,644	463,988
Board of Education	25,065	21,270	-	-	25,065	21,270
Administration	900,428	793,425	-	-	900,428	793,425
Fiscal	316,123	290,835	-	-	316,123	290,835
Business	1,324	2,067	-	-	1,324	2,067
Operations and maintenance	981,053	788,146	-	-	981,053	788,146
Pupil transportation	443,357	515,111	-	-	443,357	515,111
Central	6,765	8,345	-	-	6,765	8,345
Operation of non-instructional service:						
Other non-instructional services	389,774	19,613	-	-	389,774	19,613
Food service operations	557,201	533,551	-	-	557,201	533,551
Extracurricular activities	440,353	429,063	-	-	440,353	429,063
Interest and fiscal charges	62,347	72,266	-	-	62,347	72,266
Special enterprises	-	-	12,340	16,336	12,340	16,336
Total expenses	<u>11,249,978</u>	<u>10,048,093</u>	<u>12,340</u>	<u>16,336</u>	<u>11,262,318</u>	<u>10,064,429</u>
Changes in net position	(8,133)	640,981	(1,134)	(3,899)	(9,267)	637,082
Net position beginning of year	<u>9,507,511</u>	<u>8,866,530</u>	<u>48,437</u>	<u>52,336</u>	<u>9,555,948</u>	<u>8,918,866</u>
Net position at end of year	<u>\$ 9,499,378</u>	<u>\$ 9,507,511</u>	<u>\$ 47,303</u>	<u>\$ 48,437</u>	<u>\$ 9,546,681</u>	<u>\$ 9,555,948</u>

Governmental Activities

Net position of the District's governmental activities decreased \$8,133. Total governmental expenses of \$11,249,978 were offset by program revenues of \$2,621,211 and general revenues of \$8,620,634. Program revenues supported 23.30% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 75.50% of total governmental revenues. Real estate property is reappraised every six years. Revenues related to grants and entitlements increased due to an increase in the amount of State foundation and other unrestricted grants received during the current fiscal year compared to amounts received in the prior fiscal year.

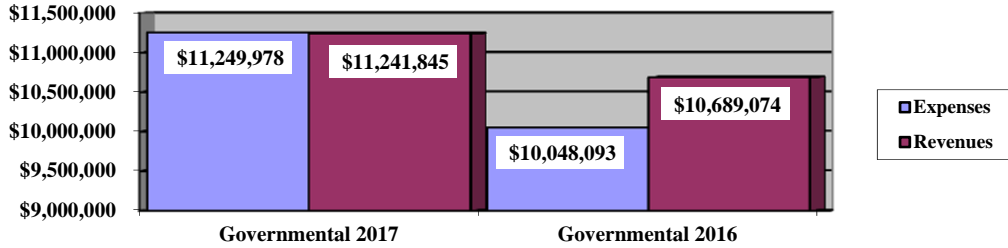
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,195,599 or 55.07% of total governmental expenses for fiscal year 2017.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2017 and 2016.

Governmental Activities - Revenues and Expenses



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

	Governmental Activities			
	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses:				
Instruction:				
Regular	\$ 4,067,505	\$ 3,142,854	\$ 3,693,626	\$ 2,752,254
Special	1,314,708	346,941	1,174,282	623,753
Vocational	180,036	128,026	150,172	107,671
Other	633,350	633,350	579,710	579,710
Support services:				
Pupil	527,945	492,663	512,623	479,934
Instructional staff	402,644	350,542	463,988	411,103
Board of Education	25,065	25,065	21,270	21,270
Administration	900,428	900,428	793,425	793,425
Fiscal	316,123	316,123	290,835	290,835
Business	1,324	1,324	2,067	2,067
Operations and maintenance	981,053	980,928	788,146	787,411
Pupil transportation	443,357	434,083	515,111	505,049
Central	6,765	1,365	8,345	1,145
Operation of non-instructional service:				
Other non-instruction services	389,774	389,774	19,613	19,613
Food service operations	557,201	98,163	533,551	56,640
Extracurricular activities	440,353	324,791	429,063	277,506
Interest and fiscal charges	62,347	62,347	72,266	72,266
Total expenses	<u>\$ 11,249,978</u>	<u>\$ 8,628,767</u>	<u>\$ 10,048,093</u>	<u>\$ 7,781,652</u>

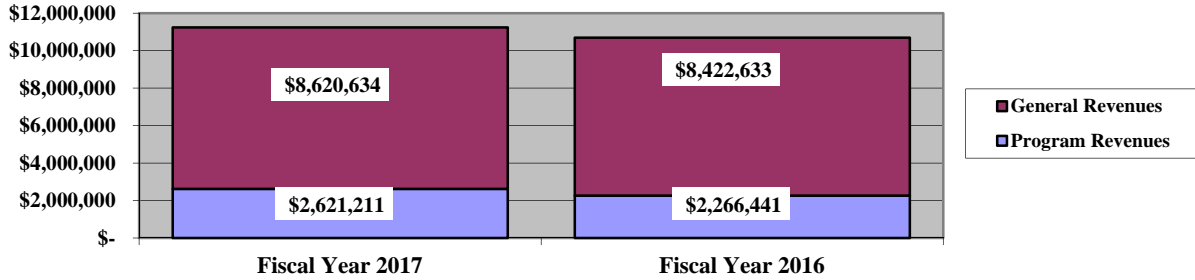
The dependence upon tax revenues and unrestricted grants and entitlements during fiscal year 2017 for governmental activities is apparent, as 68.62% of 2017 instruction activities are supported through taxes and other general revenues. General revenue support for all governmental activities was 76.70% in fiscal year 2017.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

The graph below presents the District's governmental activities revenue for fiscal year 2017 and 2016.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the nonmajor special enterprises operation. This program had charges for services and sales revenue of \$11,206 and expenses of \$12,340 for fiscal year 2017. The District's business activities receive no support from tax revenues.

The District's Funds

The District's governmental funds reported a combined fund balance of \$6,104,332, which is more than last year's total balance of \$5,292,449. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	<u>Fund Balance</u> <u>June 30, 2017</u>	<u>Fund Balance</u> <u>June 30, 2016</u>	<u>Increase</u>
General	\$ 4,907,765	\$ 3,791,418	\$ 1,116,347
Other Governmental	<u>1,196,567</u>	<u>1,501,031</u>	<u>(304,464)</u>
Total	<u>\$ 6,104,332</u>	<u>\$ 5,292,449</u>	<u>\$ 811,883</u>

General Fund

The District's general fund balance increased \$1,116,347. Intergovernmental revenue increased due to an increase in the amount of State foundation and other unrestricted grants received during the current fiscal year compared to amounts received in the prior fiscal year. Earnings on investments increased due to increased investment earnings. Capital outlay increased due to the District signing into a new copier lease during fiscal year 2017. The increase in tuition revenue can be attributed to an increase in open enrollment from the prior year. Operation of non-instructional expenses decreased due to a decrease in the amount spent on a District Special Education Coordinator. All other expenditures remained comparable to the prior fiscal year.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

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

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 2,763,731	\$ 2,676,280	3.27 %
Tuition	1,025,826	674,907	52.00 %
Interest earnings	37,324	14,057	165.52 %
Intergovernmental	5,957,378	5,817,848	2.40 %
Other revenues	<u>143,172</u>	<u>218,732</u>	(34.54) %
Total	<u>\$ 9,927,431</u>	<u>\$ 9,401,824</u>	5.59 %
<u>Expenditures</u>			
Instruction	\$ 5,133,829	\$ 4,863,400	5.56 %
Support services	3,306,563	3,234,273	2.24 %
Extracurricular activities	242,422	233,231	3.94 %
Facilities acquisition and construction	15,166	160,507	(90.55) %
Operation of non-instructional	-	19,875	(100.00) %
Capital outlay	98,481	-	-
Debt service	<u>97,104</u>	<u>85,498</u>	13.57 %
Total	<u>\$ 8,893,565</u>	<u>\$ 8,596,784</u>	3.45 %

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$9,463,320 and final budgeted revenues and other financing sources were also \$9,463,320. Actual revenues and other financing sources for fiscal year 2017 were \$9,967,104. This represents a \$503,784 increase over final budgeted revenues.

General fund original budgeted expenditures and other financing uses were \$9,714,629 and final budgeted expenditures and other financing uses were \$9,740,446. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$9,125,533, which was \$614,913 less than the final budget appropriations.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$16,591,580 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this amount, \$16,587,755 is reported in governmental activities and \$3,825 is reported in business-type activities. The following table shows June 30, 2017 balances compared to June 30, 2016:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 917,885	\$ 917,885	\$ -	\$ -	\$ 917,885	\$ 917,885
Land improvements	272,449	288,242	-	-	272,449	288,242
Building and improvements	14,783,237	15,264,460	-	-	14,783,237	15,264,460
Furniture and equipment	352,439	283,870	3,825	4,675	356,264	288,545
Vehicles	<u>261,745</u>	<u>228,221</u>	<u>-</u>	<u>-</u>	<u>261,745</u>	<u>228,221</u>
Total	<u>\$ 16,587,755</u>	<u>\$ 16,982,678</u>	<u>\$ 3,825</u>	<u>\$ 4,675</u>	<u>\$ 16,591,580</u>	<u>\$ 16,987,353</u>

The overall decrease in capital assets of \$395,773 is due to depreciation expense of \$629,098 and a net disposal of \$30,170 exceeding capital outlays of \$263,495 in the fiscal year.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2017, the District had \$725,000 in general obligation bonds, \$585,000 in lease-purchase agreements and \$93,728 in capital leases outstanding. Of this total, \$151,930 is due within one year and \$1,251,798 is due in greater than one year. The following table summarizes the bonds and leases outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
	General obligation bonds	\$ 725,000
Lease-purchase agreement	585,000	608,000
Capital lease	<u>93,728</u>	<u>38,212</u>
Total	<u>\$ 1,403,728</u>	<u>\$ 1,476,212</u>

At June 30, 2017 the District's overall legal debt margin was \$7,558,013 with an unvoted debt margin of \$89,221. See Note 12 to the basic financial statements for additional information on the District's debt administration.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

Current Financial Related Activities

The District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed from the community's citizens. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance while continuing to utilize the same levy dollars originally passed in 1992.

The District is committed to living within its financial means, while continuing to maintain the highest standards of service to our students, parents and community. However, the future financial stability of the District is not without challenges.

Declining enrollment over the past years is a trend that has received, and will continue to receive, the attention of the Board and Administration. Reduced student counts lead to staffing cuts, excess building capacity, and cuts in state funding. Each of these factors negatively impacts the operations of the District.

The District will have the resources necessary to meet operating expenses in fiscal year 2018 and has passed an emergency levy renewal in order to provide some financial stability over the next five years.

The District has anticipated no substantial growth in State revenue, however the current state budget includes capacity aide which has enhanced the District's forecast. All of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Brenda Schwamberger, Treasurer, Plymouth-Shiloh Local School District, 365 Sandusky Street, Plymouth, Ohio 44865.

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 6,101,221	\$ 43,478	\$ 6,144,699
Cash with escrow agent	315,346	-	315,346
Receivables:			
Property taxes	1,700,940	-	1,700,940
Income taxes.	370,618	-	370,618
Accrued interest	960	-	960
Intergovernmental	241,375	-	241,375
Prepayments	33,046	-	33,046
Materials and supplies inventory.	56,468	-	56,468
Inventory held for resale.	13,026	-	13,026
Capital assets:			
Nondepreciable capital assets	917,885	-	917,885
Depreciable capital assets, net.	15,669,870	3,825	15,673,695
Capital assets, net	16,587,755	3,825	16,591,580
Total assets.	25,420,755	47,303	25,468,058
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	31,629	-	31,629
Pension - STRS	2,125,799	-	2,125,799
Pension - SERS	707,752	-	707,752
Total deferred outflows of resources	2,865,180	-	2,865,180
Liabilities:			
Accounts payable.	3,718	-	3,718
Accrued wages and benefits payable	815,601	-	815,601
Intergovernmental payable	59,946	-	59,946
Pension and post employment benefits payable.	124,584	-	124,584
Accrued interest payable	3,372	-	3,372
Claims payable.	10,998	-	10,998
Long-term liabilities:			
Due within one year.	232,456	-	232,456
Due in more than one year:			
Net pension liability	14,584,732	-	14,584,732
Other amounts due in more than one year	1,576,433	-	1,576,433
Total liabilities	17,411,840	-	17,411,840
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,266,579	-	1,266,579
Pension - STRS.	108,138	-	108,138
Total deferred inflows of resources	1,374,717	-	1,374,717
Net position:			
Net investment in capital assets	15,414,018	3,825	15,417,843
Restricted for:			
Capital projects	553,037	-	553,037
Classroom facilities maintenance	157,313	-	157,313
Debt service.	259,815	-	259,815
Locally funded programs	1,515	-	1,515
Federally funded programs	87,722	-	87,722
Student activities	135,826	-	135,826
Other purposes	70,158	-	70,158
Unrestricted (deficit)	(7,180,026)	43,478	(7,136,548)
Total net position.	\$ 9,499,378	\$ 47,303	\$ 9,546,681

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Instruction:			
Regular	\$ 4,067,505	\$ 778,515	\$ 146,136
Special	1,314,708	259,610	708,157
Vocational	180,036	916	51,094
Other	633,350	-	-
Support services:			
Pupil	527,945	2,115	33,167
Instructional staff	402,644	-	52,102
Board of education	25,065	-	-
Administration	900,428	-	-
Fiscal	316,123	-	-
Business	1,324	-	-
Operations and maintenance	981,053	125	-
Pupil transportation	443,357	-	9,274
Central	6,765	-	5,400
Operation of non-instructional services:			
Other non-instructional services	389,774	-	-
Food service operations	557,201	153,286	305,752
Extracurricular activities	440,353	86,171	29,391
Interest and fiscal charges	62,347	-	-
Total governmental activities	<u>11,249,978</u>	<u>1,280,738</u>	<u>1,340,473</u>
Business-type activities:			
Special enterprise	12,340	11,206	-
Total business-type activities	<u>12,340</u>	<u>11,206</u>	<u>-</u>
Totals	<u>\$ 11,262,318</u>	<u>\$ 1,291,944</u>	<u>\$ 1,340,473</u>

General revenues:

Property taxes levied for:	
General purposes	
Special purposes	
Debt service	
School district income taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Change in net position	
Net position at beginning of year	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total
\$ (3,142,854)	\$ -	\$ (3,142,854)
(346,941)	-	(346,941)
(128,026)	-	(128,026)
(633,350)	-	(633,350)
(492,663)	-	(492,663)
(350,542)	-	(350,542)
(25,065)	-	(25,065)
(900,428)	-	(900,428)
(316,123)	-	(316,123)
(1,324)	-	(1,324)
(980,928)	-	(980,928)
(434,083)	-	(434,083)
(1,365)	-	(1,365)
(389,774)	-	(389,774)
(98,163)	-	(98,163)
(324,791)	-	(324,791)
(62,347)	-	(62,347)
(8,628,767)	-	(8,628,767)
-	(1,134)	(1,134)
-	(1,134)	(1,134)
(8,628,767)	(1,134)	(8,629,901)
1,860,750	-	1,860,750
33,962	-	33,962
142,439	-	142,439
886,547	-	886,547
5,564,293	-	5,564,293
40,101	-	40,101
92,542	-	92,542
8,620,634	-	8,620,634
(8,133)	(1,134)	(9,267)
9,507,511	48,437	9,555,948
\$ 9,499,378	\$ 47,303	\$ 9,546,681

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 5,120,206	\$ 888,605	\$ 6,008,811
Cash with escrow agent.	-	315,346	315,346
Receivables:			
Property taxes.	1,558,026	142,914	1,700,940
Income taxes	370,618	-	370,618
Accrued interest	960	-	960
Interfund loans	33,598	-	33,598
Intergovernmental.	77,589	163,786	241,375
Prepayments.	32,182	864	33,046
Materials and supplies inventory.	54,508	1,960	56,468
Inventory held for resale.	-	13,026	13,026
Total assets	<u>\$ 7,247,687</u>	<u>\$ 1,526,501</u>	<u>\$ 8,774,188</u>
Liabilities:			
Accounts payable	\$ 3,661	\$ 57	\$ 3,718
Accrued wages and benefits payable	741,254	74,347	815,601
Compensated absences payable	15,811	-	15,811
Intergovernmental payable	59,034	912	59,946
Pension and post employment benefits payable	116,400	8,184	124,584
Interfund loans payable.	-	33,598	33,598
Total liabilities.	<u>936,160</u>	<u>117,098</u>	<u>1,053,258</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	1,160,272	106,307	1,266,579
Delinquent property tax revenue not available. . .	128,474	11,914	140,388
Income tax revenue not available	59,196	-	59,196
Intergovernmental revenue not available.	55,820	94,615	150,435
Total deferred inflows of resources	<u>1,403,762</u>	<u>212,836</u>	<u>1,616,598</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	54,508	1,960	56,468
Prepays.	32,182	864	33,046
Restricted:			
Debt service	-	253,085	253,085
Capital improvements	-	553,037	553,037
Classroom facilities maintenance	-	155,501	155,501
Food service operations	-	97,443	97,443
Targeted academic assistance	-	993	993
Other purposes.	-	5,015	5,015
Extracurricular	-	135,825	135,825
Committed:			
Termination benefits.	283,585	-	283,585
Assigned:			
Student instruction	17,725	-	17,725
Student and staff support.	247,902	-	247,902
Extracurricular activities	248	-	248
Subsequent year's appropriations	1,354,047	-	1,354,047
Other purposes.	6,350	-	6,350
Unassigned (deficit)	2,911,218	(7,156)	2,904,062
Total fund balances	<u>4,907,765</u>	<u>1,196,567</u>	<u>6,104,332</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,247,687</u>	<u>\$ 1,526,501</u>	<u>\$ 8,774,188</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

Total governmental fund balances		\$	6,104,332
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			16,587,755
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	140,388	
Income taxes receivable		59,196	
Intergovernmental receivable		150,435	
Total		350,019	350,019
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			81,412
Unamortized premiums on bonds issued are not recognized in the funds.			(40,638)
Unamortized amounts on refundings are not recognized in the funds.			31,629
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(3,372)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(725,000)	
Capital lease obligations		(93,728)	
Compensated absences		(348,712)	
Lease-purchase agreement		(585,000)	
Total		(1,752,440)	(1,752,440)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - Pension		2,833,551	
Deferred Inflows - Pension		(108,138)	
Net pension liability		(14,584,732)	
Total		(11,859,319)	(11,859,319)
Net position of governmental activities		\$	9,499,378

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 1,880,942	\$ 178,257	\$ 2,059,199
Income taxes	882,789	-	882,789
Tuition	1,025,826	-	1,025,826
Earnings on investments	37,324	3,466	40,790
Charges for services	-	153,286	153,286
Extracurricular	-	86,171	86,171
Classroom materials and fees	15,330	-	15,330
Rental income	125	-	125
Contributions and donations	2,116	10,370	12,486
Other local revenues	125,601	17,617	143,218
Intergovernmental - state	5,957,378	88,501	6,045,879
Intergovernmental - federal	-	721,954	721,954
Total revenues	<u>9,927,431</u>	<u>1,259,622</u>	<u>11,187,053</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,405,859	126,562	3,532,421
Special	959,968	254,134	1,214,102
Vocational	134,791	-	134,791
Other	633,211	-	633,211
Support services:			
Pupil	514,716	-	514,716
Instructional staff	347,767	49,101	396,868
Board of education	25,065	-	25,065
Administration	830,278	158	830,436
Fiscal	290,769	4,168	294,937
Business	1,324	-	1,324
Operations and maintenance	825,957	16,559	842,516
Pupil transportation	469,322	-	469,322
Central	1,365	5,400	6,765
Operation of non-instructional services:			
Other non-instructional services	-	389,774	389,774
Food service operations	-	474,632	474,632
Extracurricular activities	242,422	121,126	363,548
Facilities acquisition and construction	15,166	2	15,168
Capital outlay	98,481	-	98,481
Debt service:			
Principal retirement	65,965	105,000	170,965
Interest and fiscal charges	31,139	33,470	64,609
Total expenditures	<u>8,893,565</u>	<u>1,580,086</u>	<u>10,473,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,033,866</u>	<u>(320,464)</u>	<u>713,402</u>
Other financing sources (uses):			
Transfers in	-	16,000	16,000
Transfers (out)	(16,000)	-	(16,000)
Capital lease transaction	98,481	-	98,481
Total other financing sources (uses)	<u>82,481</u>	<u>16,000</u>	<u>98,481</u>
Net change in fund balances	1,116,347	(304,464)	811,883
Fund balances at beginning of year	<u>3,791,418</u>	<u>1,501,031</u>	<u>5,292,449</u>
Fund balances at end of year	<u>\$ 4,907,765</u>	<u>\$ 1,196,567</u>	<u>\$ 6,104,332</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	811,883
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 263,495	
Current year depreciation	<u>(628,248)</u>	
Total		(364,753)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(30,170)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(22,048)	
Income taxes	3,758	
Intergovernmental	<u>73,082</u>	
Total		54,792
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	105,000	
Capital leases	<u>65,965</u>	
Total		170,965
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(98,481)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Change in accrued interest payable	598	
Amortization of bond premiums	7,503	
Amortization of deferred charges	<u>(5,839)</u>	
Total		2,262
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net expense of the internal service fund is allocated among the governmental activities.		
		(13,688)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		687,858
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,246,156)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>17,355</u>
Change in net position of governmental activities	\$	<u>(8,133)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 1,883,503	\$ 1,778,386	\$ 1,901,113	\$ 122,727
Income taxes	976,658	842,553	837,114	(5,439)
Tuition	221,385	674,000	1,025,826	351,826
Earnings on investments	11,242	11,056	36,993	25,937
Classroom materials and fees	2,825	2,450	2,603	153
Rental income	836	725	125	(600)
Other local revenues	57,652	50,000	92,771	42,771
Intergovernmental - state	6,249,219	6,044,000	5,995,894	(48,106)
Total revenues	<u>9,403,320</u>	<u>9,403,170</u>	<u>9,892,439</u>	<u>489,269</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,460,869	3,460,869	3,441,200	19,669
Special	1,130,678	1,130,678	961,187	169,491
Vocational	131,939	131,939	133,222	(1,283)
Other	752,497	752,497	637,367	115,130
Support services:				
Pupil	488,908	488,908	477,523	11,385
Instructional staff	360,688	363,988	343,069	20,919
Board of education	26,872	26,872	25,457	1,415
Administration	855,529	855,529	827,845	27,684
Fiscal	299,523	299,523	288,262	11,261
Business	4,150	4,150	1,324	2,826
Operations and maintenance	1,034,688	1,031,388	957,614	73,774
Pupil transportation	529,003	554,821	586,292	(31,471)
Central	2,000	2,000	1,365	635
Extracurricular activities	246,950	246,950	245,913	1,037
Facilities acquisition and construction	67,335	67,335	67,336	(1)
Total expenditures	<u>9,391,629</u>	<u>9,417,446</u>	<u>8,994,976</u>	<u>422,470</u>
Excess (deficiency) of revenues over (under) expenditures	11,691	(14,276)	897,463	911,739
Other financing sources (uses):				
Refund of prior year's expenditures	60,000	60,000	74,165	14,165
Transfers (out)	(323,000)	(323,000)	(96,959)	226,041
Advances (out)	-	-	(33,598)	(33,598)
Sale of capital assets	-	150	500	350
Total other financing sources (uses)	<u>(263,000)</u>	<u>(262,850)</u>	<u>(55,892)</u>	<u>206,958</u>
Net change in fund balance	(251,309)	(277,126)	841,571	1,118,697
Fund balance at beginning of year	3,557,283	3,557,283	3,557,283	-
Prior year encumbrances appropriated	145,379	145,379	145,379	-
Fund balance at end of year	<u>\$ 3,451,353</u>	<u>\$ 3,425,536</u>	<u>\$ 4,544,233</u>	<u>\$ 1,118,697</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities - Nonmajor Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 43,478	\$ 92,410
Total current assets	<u>43,478</u>	<u>92,410</u>
Noncurrent assets:		
Depreciable capital assets, net	3,825	-
Total assets.	<u>47,303</u>	<u>92,410</u>
Liabilities:		
Current liabilities:		
Claims payable	-	10,998
Total current liabilities	<u>-</u>	<u>10,998</u>
Total liabilities	<u>-</u>	<u>10,998</u>
Net position:		
Investment in capital assets	3,825	-
Unrestricted.	43,478	81,412
Total net position.	<u>\$ 47,303</u>	<u>\$ 81,412</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales/charges for services	\$ 11,206	\$ -
Other	-	66,862
Total operating revenues	11,206	66,862
Operating expenses:		
Purchased services	-	5,096
Materials and supplies	2,408	-
Other	9,082	-
Claims	-	75,454
Depreciation	850	-
Total operating expenses	12,340	80,550
Operating loss	(1,134)	(13,688)
Change in net position	(1,134)	(13,688)
Net position at beginning of year	48,437	95,100
Net position at end of year	\$ 47,303	\$ 81,412

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from other operations	\$ 11,206	\$ 66,862
Cash payments for contractual services	-	(5,096)
Cash payments for materials and supplies	(2,408)	-
Cash payments for claims	-	(61,298)
Cash payments for other expenses	(9,082)	(8,379)
	(284)	(7,911)
Net cash used in operating activities	(284)	(7,911)
Net decrease in cash and cash equivalents	(284)	(7,911)
Cash and cash equivalents at beginning of year . . .	43,762	100,321
Cash and cash equivalents at end of year	\$ 43,478	\$ 92,410
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,134)	\$ (13,688)
Adjustments:		
Depreciation	850	-
Changes in assets and liabilities:		
Claims payable	-	5,777
	-	5,777
Net cash used in operating activities.	\$ (284)	\$ (7,911)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 33,538
Total assets.	\$ 33,538
Liabilities:	
Due to students.	\$ 33,538
Total liabilities	\$ 33,538

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Plymouth-Shiloh Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. This Board controls the District's 4 instructional/support facilities staffed by 44 classified and 64 certified full-time teaching personnel, who provide services to 722 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG 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. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2017, the District paid \$99,546 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

Pioneer Career and Technology Center (PCTC)

The PCTC is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875.

INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrolment fee to the Plan to cover the costs of administering the program.

Ohio School Benefits Cooperative

The District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 24 members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be District and/or educational service center administrators. The Muskingum Valley Education Service Center serves as the fiscal agent for OSBC. OSBC 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 maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverages for their employees and the eligible dependents, and designated beneficiaries of such employees, and propose to have certain other eligible districts or groups of districts join them for the same purposes. Participants pay a \$500 membership fee to OSBC. OSBC offers two options to participants.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

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

Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of Education Service Center superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC. The District elected to participate in the joint insurance purchasing program for medical coverage.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental benefits to employees.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

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

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

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

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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, income taxes, interest, tuition, grants and student fees.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 15 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

For the District, see Note 15 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

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

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. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except Agency funds). The specific timetable for fiscal year 2017 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2017.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2017; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or policy of the Board of Education. Investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$37,324 which includes \$7,919 assigned from other funds.

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

G. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, prepayments are equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

H. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On the fund financial statements, materials and supplies is equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market.

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

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition value. The District maintains a capitalization threshold of \$5,000. 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. The District does not possess infrastructure.

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	10 - 20 years	
Buildings and improvements	30 - 40 years	
Furniture and equipment	5 - 20 years	10 years
Vehicles	8 - 15 years	

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. These amounts are eliminated in the governmental and business-type activities column on the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The District had no internal balances at fiscal year end.

K. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2017, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees age 50 with at least 10 years of service and all employees with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2017 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service and enterprise funds are reported on the proprietary fund 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 liability and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds, capital leases and lease purchase agreements are recognized as a liability on the fund financial statements when due.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

M. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On fund financial statements and the government wide financial statements, issuance costs are expended/expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.C.

N. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

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

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

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

O. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's proprietary funds are charges for sales and services and other revenues. Operating expenses for the enterprise fund include purchased services and other expenses related to the operations of the special enterprises fund and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

P. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations.

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

Q. Estimates

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

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

R. Interfund Activity

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

S. 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.

T. 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. During fiscal year 2017, neither type of transaction occurred.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government’s tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the District.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

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

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

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title VI-B	\$ 4,763
Title I	2,393

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$555 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Cash with Escrow Agent

At fiscal year end, the District had \$315,346 in cash and investments held by U.S. Bank in relation to the lease-purchase agreement discussed in Note 11. This amount is included in the basic financial statements as "cash with escrow agent".

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all District deposits was \$2,077,771. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2017, \$335,427 of the District’s bank balance of \$2,800,233 was exposed to custodial credit risk as described below while \$2,464,806 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

D. Investments

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities 6 months or less</u>
Amortized cost: STAR Ohio	<u>\$ 4,099,911</u>	<u>\$ 4,099,911</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio was rated AAAm by Standard & Poor. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by encouraging diversification to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. The following table includes the percentage of each investment type held by the District at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Amortized cost:		
STAR Ohio	\$ 4,099,911	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,077,771
Investments	4,099,911
Cash on hand	555
Cash with escrow agent	<u>315,346</u>
Total	<u>\$ 6,493,583</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,416,567
Business type activities	43,478
Agency fund	<u>33,538</u>
Total	<u>\$ 6,493,583</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the fiscal year ended June 30, 2017, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 16,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B. Interfund loans receivable/payable consisted of the following at June 30, 2017, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	<u>\$ 33,598</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds are eliminated on the statement of net position thus there are no internal balances.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values 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 semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on 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 is currently assessed at varying percentages of true value.

The District receives property taxes from Richland, Crawford and Huron Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$269,280 in the general fund, \$20,760 in the debt service fund (a nonmajor governmental fund) and \$3,933 in the classroom facilities fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2016 was \$289,451 in the general fund, \$22,475 in the debt service fund (a nonmajor governmental fund) and \$4,182 in the classroom facilities fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 85,085,190	95.62	\$ 85,296,230	95.60
Public utility personal	<u>3,895,140</u>	<u>4.38</u>	<u>3,925,190</u>	<u>4.40</u>
Total	<u>\$ 88,980,330</u>	<u>100.00</u>	<u>\$ 89,221,420</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$32.10		\$32.10	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax at the May 8, 1990 election that became effective January 1, 1991. This tax is effective indefinitely. School district income tax revenue received by the general fund during fiscal year 2017 was \$882,789.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2017 consisted of property taxes, income taxes, accrued interest and intergovernmental grants and entitlements. 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. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 1,700,940
Income taxes	370,618
Accrued interest	960
Intergovernmental	<u>241,375</u>
Total	<u>\$ 2,313,893</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 9 - CAPITAL ASSETS

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>06/30/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/17</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 917,885	\$ -	\$ -	\$ 917,885
Total capital assets, not being depreciated	<u>917,885</u>	<u>-</u>	<u>-</u>	<u>917,885</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	801,715	14,670	-	816,385
Buildings and improvements	21,080,443	-	-	21,080,443
Furniture and equipment	1,570,811	163,501	(161,675)	1,572,637
Vehicles	1,118,097	85,324	-	1,203,421
Total capital assets, being depreciated	<u>24,571,066</u>	<u>263,495</u>	<u>(161,675)</u>	<u>24,672,886</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(513,473)	(30,463)	-	(543,936)
Buildings and improvements	(5,815,983)	(481,223)	-	(6,297,206)
Furniture and equipment	(1,286,941)	(64,762)	131,505	(1,220,198)
Vehicles	(889,876)	(51,800)	-	(941,676)
Total accumulated depreciation	<u>(8,506,273)</u>	<u>(628,248)</u>	<u>131,505</u>	<u>(9,003,016)</u>
Governmental activities capital assets, net	<u>\$ 16,982,678</u>	<u>\$ (364,753)</u>	<u>\$ (30,170)</u>	<u>\$ 16,587,755</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 300,663
Special	21,976
Vocational	26,238

Support services:

Pupil	2,853
Instructional staff	18,874
Administration	15,332
Operations and maintenance	86,938
Pupil transportation	42,649
Extracurricular activities	51,447
Food service operations	<u>61,278</u>
Total depreciation expense	<u>\$ 628,248</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance 06/30/16	Additions	Disposals	Balance 06/30/17
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 8,500	\$ -	\$ -	\$ 8,500
Total capital assets, being depreciated	8,500	-	-	8,500
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(3,825)	(850)	-	(4,675)
Total accumulated depreciation	(3,825)	(850)	-	(4,675)
Business-type activities capital assets, net	\$ 4,675	\$ (850)	\$ -	\$ 3,825

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2017 and in a previous fiscal year, the District entered into a capital lease for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets acquired by lease have been originally capitalized in the amount of \$98,481, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2017 was \$9,848, leaving a current book value of \$88,633. Principal payments in the 2017 fiscal year totaled \$42,965. This amount is reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2017.

Fiscal Year Ending June 30,	Amount
2018	\$ 22,209
2019	22,209
2020	22,209
2021	22,209
2022	16,657
Total minimum lease payments	105,493
Less: amount representing interest	(11,765)
Total	\$ 93,728

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 11 - LEASE-PURCHASE AGREEMENT

During fiscal years 2007 and 2008, the District entered into two lease-purchase agreements with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the local share of the Ohio School Facilities Commission project. U.S. Bank has been designated as a trustee for the agreements. These leases were used for school facility improvements and the purchase of land. Assets related to the lease-purchase agreements have been capitalized in the amount of \$460,000. The outstanding liability associated with these assets was \$346,000 at June 30, 2017. As of June 30, 2017, \$296,000 of the lease-purchase agreement proceeds remained unspent. The liability associated with the unspent proceeds was \$239,000. Lease-purchase payments have been reflected as debt service expenditures in the general fund. Principal and interest payments in fiscal year 2017 totaled \$23,000 and \$29,170, respectively.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2017.

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 52,041
2019	51,888
2020	51,660
2021	52,388
2022	51,037
2023 - 2027	256,997
2028 - 2032	253,295
2033 - 2035	<u>91,776</u>
Total minimum lease payments	861,082
Less: amount representing interest	<u>(276,082)</u>
Present value of minimum lease payments	<u>\$ 585,000</u>

NOTE 12 - LONG-TERM OBLIGATIONS

A. During fiscal year 2000, the District issued \$1,761,000 in general obligation bonds to provide long-term financing for the renovation of the elementary school and the construction of a new middle school/ high school building. These bonds bear an annual interest rate of 5.0% and matured in fiscal year 2017.

During fiscal year 2007, the District refunded \$875,000 of the current interest bonds.

Payments of principal and interest relating to this liability are recorded as an expenditure in the debt service fund. The unmatured obligation at year end is accounted for in the governmental activities long-term obligations. At June 30, 2017, there were no further obligations outstanding.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2016 on the Series 2000 general obligation refunding bonds:

	Interest	Maturity	Balance			Balance	Amounts
	Rate	Date	Outstanding	Additions	Reductions	Outstanding	Due in
			<u>06/30/16</u>			<u>06/30/17</u>	<u>One Year</u>
General obligation bond payable -							
Facilities Building	5.00%	12/01/16	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ (95,000)</u>	<u>\$ -</u>	<u>\$ -</u>

- B.** On October 26, 2006, the District issued general obligation bonds (Series 2007 General Obligation Refunding Bonds) to advance refund the callable portion of the Series 2000 Current Interest General Obligation Bonds (principal \$875,000). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is presently comprised of current interest bonds, par value \$850,000. The balance of the refunded current interest bonds at June 30, 2017, is \$275,000.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022. The bonds are being retired from the debt service fund.

The following is a schedule of activity for fiscal year 2017 on the Series 2007 general obligation refunding bonds:

	Balance			Balance	Amounts
	<u>06/30/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/17</u>	<u>Due in</u>
					<u>One Year</u>
Current interest bonds	<u>\$ 735,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 725,000</u>	<u>\$ 110,000</u>

The reacquisition price exceeded the net carrying amount of the old debt by \$93,912. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the Series 2007 general obligation refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2018	\$ 110,000	\$ 29,850	\$ 139,850
2019	115,000	25,175	140,175
2020	115,000	20,288	135,288
2021	120,000	15,400	135,400
2022	125,000	10,600	135,600
2023	140,000	5,600	145,600
Total	<u>\$ 725,000</u>	<u>\$ 106,913</u>	<u>\$ 831,913</u>

C. During the fiscal year 2017, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding 06/30/16	Additions	Reductions	Balance Outstanding 06/30/17	Amount Due in One Year
Governmental activities:					
General obligation bonds payable - Series 2000	\$ 95,000	\$ -	\$ (95,000)	\$ -	\$ -
General obligation bonds payable - Series 2007	735,000	-	(10,000)	725,000	110,000
Net pension liability	11,970,366	2,614,366	-	14,584,732	-
Lease purchase agreement	608,000	-	(23,000)	585,000	24,000
Capital leases	38,212	98,481	(42,965)	93,728	17,930
Compensated absences	381,218	59,323	(76,018)	364,523	80,526
Total governmental activities long-term liabilities	<u>\$ 13,827,796</u>	<u>\$ 2,772,170</u>	<u>\$ (246,983)</u>	16,352,983	<u>\$ 232,456</u>
Add: Unamortized premium				40,638	
Total on statement of net position				<u>\$ 16,393,621</u>	

Net Pension Liability - See Note 15 for details.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017, are a voted debt margin of \$7,558,013 (including available funds of \$253,085) and an unvoted debt margin of \$89,221.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 15 to 25 days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who can accumulate vacation for up to 3 years at the end of his contract, and the Treasurer who can accumulate vacation for up to 2 years at the end of her contract. Teachers do not earn vacation time. Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund, and the following nonmajor governmental funds: Title VI-B, Title I and the food service fund.

For fiscal year 2017, administrators, teachers and classified employees earn sick leave at a rate of 23.89% of sick leave balance to a maximum of 86 days. Payment of severance shall be paid at time of retirement after all requirements of eligibility have been met.

Calamity days are paid for certified, cooks and bus driver employees. Up to five days per year are provided under this benefit.

Personal leave days are available to all employees at the rate of three days annually. Any unused personal days are converted to sick days.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

NOTE 14 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the District contracted with a commercial insurer for building and personal property coverage in the blanket amount of \$36,807,850 100% coinsurance, replacement cost endorsement and a \$0 deductible.

Vehicles are covered by a policy, which provides for a \$0 deductible for comprehensive and a \$0 deductible for collision. Vehicle liability has a \$15,000,000 combined single limit of liability. The District maintains coverage of \$1,000,000 per occurrence for uninsured/underinsured motorists.

The general liability coverage involves a \$15,000,000 single occurrence limit and \$17,000,000 general aggregate limit with no deductible.

Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer in the amount of \$40,000 and for Superintendent and Board President in the amount of \$20,000. An employee blanket dishonesty bond in the amount of \$100,000 is provided to cover all other employees of the District.

C. Workers' Compensation

During fiscal year 2017, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provided administrative, cost control and actuarial services to the GRP.

D. Employee Group Life, Medical, Dental, and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through American General in the amount of \$20,000; the Superintendent and Treasurer's coverage is in the amount of \$50,000.

The District has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. The premium for single coverage is \$551.37 and \$1,369.09 for family. Employees pay 12.5% of the premium per negotiated union contracts and cannot be raised, except through negotiated agreement. The medical plan and prescription drug card are administered by Medical Mutual of Ohio located in Cleveland, Ohio.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 14 - RISK MANAGEMENT - (Continued)

The District provides dental coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is \$26.00 for single and \$70.00 for family coverage. This premium includes the employee portion, which is paid by the District.

The claims liability of \$10,998 reported in the fund at June 30, 2017, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the fund's claims liability for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2017	\$ 5,221	\$ 75,454	\$ (69,677)	\$ 10,998
2016	5,596	60,923	(61,298)	5,221

The District also provides vision coverage for its employees on a fully-insured basis through VSP. The total monthly premium is \$10.75 for single coverage and \$24.32 for family coverage. This premium includes the employee portion, which is paid by the District. This amount is also capped by negotiated union contracts and cannot be raised, except through negotiated agreement.

The above employee portions of premiums for medical, dental and vision insurance are for full-time employees. Current part-time employees already enrolled in the plan may pay pro-rated premiums for coverage; however, new staff must be full-time to be eligible for coverage.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org 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 after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to SERS was \$155,569 for fiscal year 2017. Of this amount, \$14,558 is reported as pension and postemployment benefits 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 retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to STRS was \$532,289 for fiscal year 2017. Of this amount, \$90,624 is reported as pension and postemployment benefits 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.0359643%	0.03588733%	
Proportion of the net pension liability current measurement date	<u>0.0374608%</u>	<u>0.03538058%</u>	
Change in proportionate share	<u>0.00149650%</u>	<u>-0.00050675%</u>	
Proportionate share of the net pension liability	\$ 2,741,785	\$ 11,842,947	\$ 14,584,732
Pension expense	\$ 338,927	\$ 907,229	\$ 1,246,156

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 36,979	\$ 478,513	\$ 515,492
Net difference between projected and actual earnings on pension plan investments	226,156	983,283	1,209,439
Changes of assumptions	183,029	-	183,029
Difference between District contributions and proportionate share of contributions/ change in proportionate share	106,019	131,714	237,733
District contributions subsequent to the measurement date	<u>155,569</u>	<u>532,289</u>	<u>687,858</u>
Total deferred outflows of resources	<u>\$ 707,752</u>	<u>\$2,125,799</u>	<u>\$2,833,551</u>
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>\$ -</u>	<u>\$ 108,138</u>	<u>\$ 108,138</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 108,138</u>	<u>\$ 108,138</u>

\$687,858 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$ 155,435	\$ 248,317	\$ 403,752
2019	155,271	248,319	403,590
2020	176,467	625,629	802,096
2021	<u>65,010</u>	<u>363,107</u>	<u>428,117</u>
Total	<u>\$ 552,183</u>	<u>\$ 1,485,372</u>	<u>\$ 2,037,555</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Sensitivity of the 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.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 3,629,952	\$ 2,741,785	\$ 1,998,352

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
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	 <u>100.00 %</u>	 <u>7.61 %</u>

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 15,738,314	\$ 11,842,947	\$ 8,556,975

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

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the District's surcharge obligation was \$19,402.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$19,402, \$18,466, and \$25,235, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 841,571
Net adjustment for revenue accruals	(12,910)
Net adjustment for expenditure accruals	(7,723)
Net adjustment for other sources/uses	44,926
Funds budgeted elsewhere	37,669
Adjustment for encumbrances	212,814
 GAAP basis	 \$ 1,116,347

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

(Continued)

NOTE 18 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

C. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2017, traditional school districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As a result of the fiscal year 2017 reviews, the District owed ODE \$1,161. This amount has not been included in the financial statements.

NOTE 19 - GROUP PURCHASING POOL

The District is a member of the Metropolitan Educational Technology Association (META) Solutions purchasing group. The following items are purchased through this group discount program; custodial products, food service products, audio visual bulbs, and certain paper products. The META also provides a Self-Help Gas Program where members save significant amounts on natural gas purchases.

NOTE 20 - SET-ASIDES

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 20 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	137,087
Current year qualifying expenditures	(297,120)
Current year offsets	<u>(72,368)</u>
Total	<u>\$ (232,401)</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

NOTE 21 - OTHER COMMITMENTS

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

	<u>Year - End</u>
<u>Fund</u>	
General fund	\$ 208,462
Other governmental	<u>46,775</u>
Total	<u>\$ 255,237</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.03746080%	0.03596430%	0.03415500%	0.03415500%
District's proportionate share of the net pension liability	\$ 2,741,785	\$ 2,052,158	\$ 1,728,565	\$ 2,031,088
District's covered-employee payroll	\$ 1,117,400	\$ 1,082,724	\$ 992,496	\$ 1,006,171
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.37%	189.54%	174.16%	201.86%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.03538058%	0.03588733%	0.03514795%	0.03514795%
District's proportionate share of the net pension liability	\$ 11,842,947	\$ 9,918,208	\$ 8,549,198	\$ 10,183,749
District's covered-employee payroll	\$ 3,783,914	\$ 3,802,386	\$ 3,591,154	\$ 3,624,554
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	312.98%	260.84%	238.06%	280.97%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 155,569	\$ 156,436	\$ 142,703	\$ 137,560
Contributions in relation to the contractually required contribution	<u>(155,569)</u>	<u>(156,436)</u>	<u>(142,703)</u>	<u>(137,560)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,111,207	\$ 1,117,400	\$ 1,082,724	\$ 992,496
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 139,254	\$ 139,580	\$ 137,759	\$ 148,301	\$ 104,818	\$ 100,970
<u>(139,254)</u>	<u>(139,580)</u>	<u>(137,759)</u>	<u>(148,301)</u>	<u>(104,818)</u>	<u>(100,970)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,006,171	\$ 1,037,770	\$ 1,095,935	\$ 1,095,281	\$ 1,065,224	\$ 1,028,208
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 532,289	\$ 529,748	\$ 532,334	\$ 466,850
Contributions in relation to the contractually required contribution	<u>(532,289)</u>	<u>(529,748)</u>	<u>(532,334)</u>	<u>(466,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,802,064	\$ 3,783,914	\$ 3,802,386	\$ 3,591,154
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 471,192	\$ 479,490	\$ 486,234	\$ 483,644	\$ 462,059	\$ 451,160
<u>(471,192)</u>	<u>(479,490)</u>	<u>(486,234)</u>	<u>(483,644)</u>	<u>(462,059)</u>	<u>(451,160)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,624,554	\$ 3,688,385	\$ 3,740,262	\$ 3,720,338	\$ 3,554,300	\$ 3,470,462
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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



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

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 23, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 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 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication 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 23, 2018



Dave Yost • Auditor of State

PLYMOUTH- SHILOH LOCAL SCHOOL DISTRICT

RICHLAND 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
APRIL 17, 2018