



OHIO AUDITOR OF STATE
KEITH FABER



**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY
JUNE 30, 2018**

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**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY
JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Clark-Shawnee Local School District
Clark County
3680 Selma Road
Springfield, Ohio 45502

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 23 to the financial statements, during 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 13, 2019

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Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position for governmental activities increased \$26,575,183.
- General revenues accounted for \$36,620,609 in revenue or 88 percent of governmental revenues. Program specific revenues in the form of charges for services and operating grants, contributions and interest accounted for \$5,179,876 or 12 percent of governmental revenues of \$41,800,485.
- The School District had \$15,225,302 in governmental expenses, down from \$24,737,356 in 2017. The decrease in the net pension/OPEB liability contributed to the decrease in expenses for 2018.
- The General Fund's balance increased \$286,480 from 2017.
- During 2018, the School District issued \$35,440,000 in school facilities construction and improvement general obligation bonds. The community voted in August 2017 to construct a new PK-6 elementary school and to renovate Shawnee Middle and High School to like-new conditions. The PK-6 school will be built on the southeast corner of Selma and East Possum roads. The project will be funded with a 30 percent contribution from the state.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

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

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities where most of the School District's programs and services are reported including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 13. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the OFCC Construction Fund.

Governmental Funds

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

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2017 compared to fiscal year 2018:

Table 1
Net Position

	Governmental Activities	
	2017 - Restated	2018
Assets		
Current and Other Assets	\$21,396,827	\$75,168,744
Capital Assets	10,753,828	11,448,272
Total Assets	<u>32,150,655</u>	<u>86,617,016</u>
Deferred Outflows of Resources		
Pension	7,391,819	8,592,452
OPEB	40,334	249,577
Total Deferred Outflows of Resources	<u>7,432,153</u>	<u>8,842,029</u>
Liabilities		
Current and Other Liabilities	2,262,337	2,617,448
Long-Term Liabilities		
Due Within One Year	65,581	247,043
Due in More Than One Year		
Net Pension Liability	35,263,747	25,174,366
Net OPEB Liability	6,863,911	5,484,715
Other Amounts	912,798	36,791,037
Unamortized Bond Premium	-	2,579,821
Total Liabilities	<u>45,368,374</u>	<u>72,894,430</u>
Deferred Inflows of Resources		
Pension	33,481	1,046,553
OPEB	-	621,649
Other Inflows	10,144,317	10,284,594
Total Deferred Inflows of Resources	<u>10,177,798</u>	<u>11,952,796</u>
Net Position		
Net Investment in Capital Assets	10,667,435	10,052,948
Restricted	410,895	19,519,118
Unrestricted	(27,041,694)	(18,960,247)
Total Net Position	<u>(15,963,364)</u>	<u>10,611,819</u>

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

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

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

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

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

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

The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$9,139,787) to (\$15,963,364).

Unrestricted net position increased \$8,081,447 due to the decrease in the pension and OPEB liabilities. Unrestricted net position is the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements.

Current and other assets increased due to an increase in cash and cash equivalents, taxes receivable and intergovernmental receivable. The issuance of bonds, the passage of new levies and monies awarded from the OFCC caused the increases.

Long-term liabilities other amounts increased due to the issuance of \$35,440,000 in School Facilities Construction and Improvement general obligation bonds.

Table 2 shows the changes in net position for governmental activities for fiscal year 2017 and 2018.

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

Table 2
Change in Net Position

	Governmental Activities		Percent Change
	2017	2018	
Revenues:			
Program Revenues:			
Charges for Services	\$3,361,865	\$3,611,332	7.42%
Operating Grants and Contributions	1,565,361	1,568,544	0.20
Total Program Revenues	<u>4,927,226</u>	<u>5,179,876</u>	5.13
General Revenues:			
Property Taxes	10,672,216	12,490,270	17.04
Grants and Entitlements Not Restricted	7,829,818	8,076,202	3.15
Grant from OSFC		15,610,526	100.00
All Other	184,494	443,611	140.45
Total General Revenues	<u>18,686,528</u>	<u>36,620,609</u>	95.97
Total Revenues	<u>23,613,754</u>	<u>41,800,485</u>	77.02
Program Expenses			
Instruction	15,214,914	7,001,135	(53.99)
Support Services:			
Pupils and Instructional Staff	1,434,708	688,178	(52.03)
Board of Education, Administration, Fiscal and Business	2,523,685	1,059,593	(58.01)
Operation and Maintenance of Plant	2,408,265	2,365,897	(1.76)
Pupil Transportation	1,053,660	1,014,457	(3.72)
Central		41,754	100.00
Operation of Non-Instructional Services	1,030,688	939,222	(8.87)
Extracurricular Activities	1,070,306	752,004	(29.74)
Interest and Fiscal Charges and Issuance Costs	1,130	1,363,062	120,524.96
Total Expenses	<u>24,737,356</u>	<u>15,225,302</u>	(38.45)
Change in Net Position	(1,123,602)	26,575,183	2,465.18
Net Position, Beginning of Year - Restated	NA	(15,963,364)	
Net Position, End of Year	<u>(\$15,963,364)</u>	<u>\$10,611,819</u>	166.48

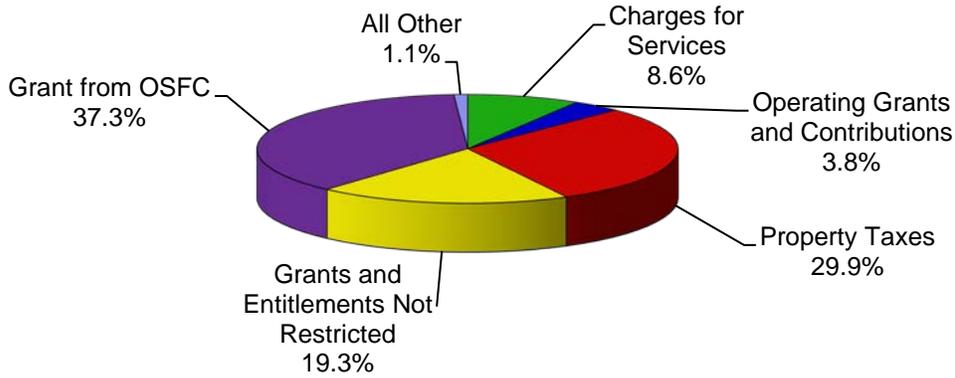
The information to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include the OPEB expense of \$40,334 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by inflows/outflows. The contractually required contribution is no longer a component of the OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of (\$911,485). Consequently, in order to compare 2018 program expense to 2017, the following adjustments are needed:

Total 2018 program expense under GASB 75	\$15,225,302
Negative OPEB expense under GASB 75	911,485
2018 contractually required contribution	55,305
Adjusted 2018 program expenses	<u>16,192,092</u>
Total 2017 program expenses under GASB 45	<u>(24,737,356)</u>
Decrease in program expenses not related to OPEB	<u>(\$8,545,264)</u>

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

Governmental Activities

Governmental Revenues

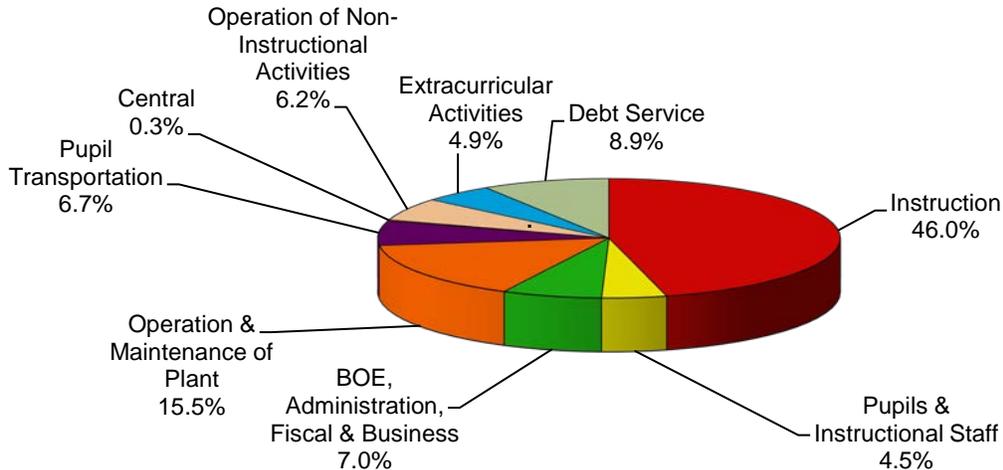


The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes made up 29.9 percent of revenues for governmental activities for the Clark-Shawnee Local School District for fiscal year 2018.

The grant monies from the OFCC make up 37.3% of revenues for fiscal year 2018. This was the first time the School District received these monies.

Instruction comprises 46 percent of district expenses. Support services expenses make up 34 percent of expenses.

Governmental Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Governmental Activities

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

Table 3

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2018	Net Cost of Services 2018
Instruction	\$15,214,914	(\$11,767,952)	\$7,001,135	(\$3,280,238)
Support Services:				
Pupils and Instructional Staff	1,434,708	(1,398,868)	688,178	(675,623)
Board of Education, Administration, Fiscal and Business	2,523,685	(2,523,685)	1,059,593	(978,109)
Operation and Maintenance of Plant	2,408,265	(2,362,635)	2,365,897	(2,301,479)
Pupil Transportation	1,053,660	(1,053,660)	1,014,457	(1,013,711)
Central	0	0	41,754	(41,754)
Operation of Non-Instructional Services	1,030,688	25,056	939,222	52,373
Extracurricular Activities	1,070,306	(727,256)	752,004	(443,823)
Interest & Fiscal Charges/Issuance Costs	1,130	(1,130)	1,363,062	(1,363,062)
Total Expenses	<u>\$24,737,356</u>	<u>(\$19,810,130)</u>	<u>\$15,225,302</u>	<u>(\$10,045,426)</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the district.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities along with after-school activities.

Extracurricular activities includes expense related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Clark-Shawnee Local School District.

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$27,237,836 and expenditures of \$27,006,049. The net change in fund balance for fiscal year 2018 in the General Fund was an increase of \$286,480. The General Fund balance increased despite transferring \$655,648 to the Permanent Improvement Fund to support capital projects.

The OFCC Construction fund balance increased \$34,862,605. \$34,463,857 was transferred in from bond proceeds for the construction project. In addition, \$1,107,677 of intergovernmental monies were received from the OFCC.

General Fund Budgeting Highlights

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

Final appropriations were \$22,822,709. There was no change from original appropriations. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue was \$22,560,751. There was no change from original budget basis revenue.

Capital Assets

At the end of fiscal year 2018, the School District had \$11,448,272 invested in governmental capital assets. Table 4 shows fiscal year 2018 balances compared to fiscal year 2017.

	Capital Assets (Net of Depreciation) at June 30,	
	2017	2018
Land	\$641,103	\$641,103
Construction in Progress	-	762,605
Building and Improvements	14,165,725	14,165,725
Infrastructure	1,289,333	1,289,333
Furniture and Equipment	3,336,350	3,372,851
Vehicles	1,780,084	2,088,357
Less: Accumulated Depreciation	(10,458,767)	(10,871,702)
	\$ 10,753,828	\$ 11,448,272

Overall, capital assets increased \$694,444 from fiscal year 2017 to fiscal year 2018. Capital additions for 2018 included seven new buses and the start of the construction/renovation of school district buildings. For more information on capital assets, see Note 8 of the Basic Financial Statements.

Clark-Shawnee Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)
Continued

Debt Administration

At June 30, 2018, the School District had the following outstanding long-term debt:

	Amount Outstanding 6/30/17	Amount Outstanding 6/30/18
Governmental Activities		
General Obligation Bonds 2017/2018	\$0	\$35,440,000

During fiscal year 2018, the School District issued general obligation bonds for the construction of a new elementary building and renovation of the middle school and high school.

For more information on the School District's debt, see Note 15 of the Basic Financial Statements.

Current Financial Issues and Concerns

The Clark-Shawnee Local School District continues to keep a watchful eye on the finances of the School District. If not for the acceptance of open enrollment students, the School District would be required to make major cuts to programming.

On August 8, 2017, the voters of the School District approved a \$37 million bond issue to build a new elementary school across the street from the high school and renovate the high school. The bond issue is \$5.3 mills and is for 37 years. The State of Ohio will contribute approximately \$15 million towards the project.

On November 6, 2012, the voters of the School District approved a 7.49 renewal levy for ten years. The levy will generate \$2,463,333 per year.

The voters have rejected two attempts to raise additional operating funds. On August 6, 2013, the voters of the School District rejected a 7.59 mill, ten year operating levy. Again on November 5, 2013, the voters of the School District rejected a 7.59 mill, ten year operating levy.

However, on May 6, 2014, the voters of the School District approved a \$6.95 mill levy to provide operating funds for the school district. The levy is anticipated to provide \$2,257,998 in tax revenues to the School District.

In conclusion, the Clark-Shawnee Local School District continues to be committed to financial as well as educational excellence. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money receives. If you have questions about this report or need additional financial information contact Thomas Faulkner, Treasurer at Clark-Shawnee Local School District, 3680 Selma Road, Springfield, Ohio 45502 or email at tom.faulkner@cslocal.org.

Clark-Shawnee Local School District

Statement of Net Position

June 30, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$47,635,188
Accounts Receivable	40,402
Intergovernmental Receivable	14,708,282
Inventory of Supplies and Materials	2,148
Prepaid Items	14,008
Property Taxes Receivable	12,763,716
Cash and Cash Equivalents	
With Fiscal Agents	5,000
Depreciable Capital Assets, Net	10,044,564
Land	641,103
Construction in Progress	762,605
Total Assets	<u>86,617,016</u>
Deferred Outflows of Resources	
Pension	8,592,452
OPEB	249,577
Total Deferred Outflows of Resources	<u>8,842,029</u>
Liabilities:	
Accounts Payable	53,416
Contracts Payable	223,422
Accrued Wages and Benefits Payable	1,694,888
Intergovernmental Payable	396,282
Accrued Interest Payable	118,342
Matured Compensated Absences Payable	86,149
Vacation Leave Payable	39,414
Unearned Revenue	535
Matured Bond Payable	5,000
Long Term Liabilities:	
Due Within One Year	247,043
Due In More Than One Year:	
Net Pension Liability	25,174,366
Net OPEB Liability	5,484,715
Other Amounts Due In More Than One Year	36,791,037
Unamortized Premium on Bonds	2,579,821
Total Liabilities	<u>72,894,430</u>
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	10,284,594
Pension	1,046,553
OPEB	621,649
Total Deferred Inflows of Resources	<u>11,952,796</u>
Net Position:	
Net Investment in Capital Assets	10,052,948
Restricted for:	
Capital Projects	18,360,988
Debt Service	858,717
Other Purposes	299,413
Unrestricted	(18,960,247)
Total Net Position	<u>\$10,611,819</u>

See Accompanying Notes to the Basic Financial Statements

Clark-Shawnee Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	EXPENSES	PROGRAM REVENUES		NET (EXPENSE)
		CHARGES FOR SERVICES AND SALES	OPERATING GRANTS CONTRIBUTIONS AND INTEREST	REVENUE AND CHANGES IN NET POSITION
				TOTAL GOVERNMENTAL ACTIVITIES
Governmental Activities				
Instruction:				
Regular	\$3,729,377	\$2,573,410	\$117,696	(\$1,038,271)
Special	1,993,725	217,031	720,639	(1,056,055)
Vocational	29,685	-	92,121	62,436
Adult/Continuing	119,425	-	-	(119,425)
Student Intervention Services	82,044	-	-	(82,044)
Other	1,046,879	-	-	(1,046,879)
Support Services:				
Pupils	396,327	-	-	(396,327)
Instructional Staff	291,851	-	12,555	(279,296)
Board of Education	95,505	-	-	(95,505)
Administration	383,406	-	-	(383,406)
Fiscal	575,511	5,578	75,906	(494,027)
Business	5,171	-	-	(5,171)
Operation and Maintenance of Plant	2,365,897	64,418	-	(2,301,479)
Pupil Transportation	1,014,457	746	-	(1,013,711)
Central	41,754	-	-	(41,754)
Operation of Non-Instructional Services	939,222	442,168	549,427	52,373
Extracurricular Activities	752,004	307,981	200	(443,823)
Interest and Fiscal Charges	909,513	-	-	(909,513)
Issuance Costs	453,549	-	-	(453,549)
Total	\$15,225,302	\$3,611,332	\$1,568,544	(10,045,426)

General Revenues:

Property Taxes Levied for:

General Purposes	11,196,463
Debt Service	1,293,807
Payment in Lieu of Taxes	60,396
Grants and Entitlements not Restricted to	
Specific Programs	8,076,202
Grant from Facilities Commission for Capital Construction	15,610,526
Investment Earnings	316,350
Miscellaneous	66,865
Total General Revenues	36,620,609

Change in Net Position	26,575,183
Net Position Beginning of Year - Restated (Note 23)	(15,963,364)
Net Position End of Year	\$10,611,819

See Accompanying Notes to the Basic Financial Statements

Clark-Shawnee Local School District

Balance Sheet

Governmental Funds

June 30, 2018

	GENERAL	OFCC CONSTRUCTION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$8,624,129	\$35,071,269	\$3,939,790	\$47,635,188
Receivables:				
Property Taxes	11,785,608	-	978,108	12,763,716
Accounts	33,342	-	7,060	40,402
Intergovernmental	53,181	14,502,849	152,252	14,708,282
Interfund	73,321	-	-	73,321
Inventory of Supplies and Materials	2,148	-	-	2,148
Prepaid Items	11,473	-	2,535	14,008
Cash and Cash Equivalents With Fiscal Agents	-	-	5,000	5,000
Total Assets	\$20,583,202	\$49,574,118	\$5,084,745	\$75,242,065
Liabilities:				
Accounts Payable	\$47,105	-	\$6,311	\$53,416
Contracts Payable	-	208,664	14,758	223,422
Accrued Wages and Benefits Payable	1,577,641	-	117,247	1,694,888
Interfund Payable	-	-	73,321	73,321
Intergovernmental Payable	377,248	-	19,034	396,282
Matured Compensated Absences Payable	86,149	-	-	86,149
Unearned Revenue	-	-	535	535
Matured Bond Payable	-	-	5,000	5,000
Total Liabilities	2,088,143	208,664	236,206	2,533,013
Deferred Inflows of Resources:				
Property Taxes not Levied to Finance Current Year Operations	9,642,043	-	642,551	10,284,594
Unavailable Revenue	607,350	14,502,849	169,785	15,279,984
Total Deferred Inflows of Resources	10,249,393	14,502,849	812,336	25,564,578
Fund Balances:				
Nonspendable	13,621	-	2,535	16,156
Restricted	-	34,862,605	4,104,145	38,966,750
Committed	11,000	-	-	11,000
Assigned	810,061	-	-	810,061
Unassigned (Deficit)	7,410,984	-	(70,477)	7,340,507
Total Fund Balances	8,245,666	34,862,605	4,036,203	47,144,474
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$20,583,202	\$49,574,118	\$5,084,745	\$75,242,065

See Accompanying Notes to the Basic Financial Statements

Clark-Shawnee Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances \$47,144,474

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

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

Land	641,103	
Construction in Progress	762,605	
Building and Improvements	14,165,725	
Infrastructure	1,289,333	
Furniture and Equipment	3,372,851	
Vehicles	2,088,357	
Accumulated Depreciation	<u>(10,871,702)</u>	
Total Capital Assets		11,448,272

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes Receivable	640,633	
Accounts Receivable	33,342	
Intergovernmental Receivable	<u>14,606,009</u>	15,279,984

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

Deferred Outflows - Pension	8,592,452	
Deferred Outflows - OPEB	249,577	
Deferred Inflows - Pension	(1,046,553)	
Deferred Inflows - OPEB	(621,649)	
Net Pension Liability	(25,174,366)	
Net OPEB Liability	<u>(5,484,715)</u>	(23,485,254)

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

Capital Leases Payable	(523,480)	
General Obligations Bonds Payable	(35,440,000)	
Unamortized Premium on Bonds	(2,579,821)	
Accrued Interest Payable	(118,342)	
Vacation Leave Payable	(39,414)	
Compensated Absences Payable	<u>(1,074,600)</u>	<u>(39,775,657)</u>

Net Position of Governmental Activities \$10,611,819

See Accompanying Notes to the Basic Financial Statements

Clark-Shawnee Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	GENERAL	OFCC CONSTRUCTION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Property Taxes	\$11,214,366	\$0	\$1,227,182	\$12,441,548
Payment in Lieu of Taxes	60,396	-	-	60,396
Tuition and Fees	2,672,029	-	-	2,672,029
Interest	88,140	116,780	111,430	316,350
Intergovernmental	8,195,355	1,107,677	1,425,126	10,728,158
Extracurricular Activities	153,586	-	154,395	307,981
Charges for Services	67,178	-	387,546	454,724
Gifts and Donations	200	-	-	200
Rent	26,070	-	-	26,070
Miscellaneous	212,722	-	17,658	230,380
Total Revenues	22,690,042	1,224,457	3,323,337	27,237,836
Expenditures:				
Current:				
Instruction:				
Regular	10,008,298	-	83,818	10,092,116
Special	2,905,198	-	706,626	3,611,824
Vocational	113,365	-	-	113,365
Adult/Continuing	119,425	-	-	119,425
Student Intervention Services	82,044	-	-	82,044
Other	1,117,858	-	-	1,117,858
Support Services:				
Pupils	1,071,252	-	-	1,071,252
Instructional Staff	384,321	-	12,400	396,721
Board of Education	97,710	-	-	97,710
Administration	2,024,843	-	-	2,024,843
Fiscal	555,965	-	58,740	614,705
Business	5,171	-	-	5,171
Operation and Maintenance of Plant	1,327,842	-	443,818	1,771,660
Pupil Transportation	921,728	-	197,333	1,119,061
Central	41,754	-	-	41,754
Operation of Non-Instructional Services	55,231	-	914,144	969,375
Extracurricular Activities	789,202	-	180,651	969,853
Capital Outlay	537,023	825,709	44,584	1,407,316
Debt Service:				
Principal Retirement	99,936	-	-	99,936
Interest and Fiscal Charges	92	-	826,419	826,511
Issuance Costs	-	-	453,549	453,549
Total Expenditures	22,258,258	825,709	3,922,082	27,006,049
Excess of Revenues Over (Under) Expenditures	431,784	398,748	(598,745)	231,787
Other Financing Sources (Uses):				
Inception of Capital Lease	537,023	-	-	537,023
General Obligation Bonds Issued	-	-	35,440,000	35,440,000
Premium on Bonds and Notes Issued	-	-	2,615,161	2,615,161
Transfers In	-	34,463,857	866,976	35,330,833
Transfers Out	(682,327)	-	(34,648,506)	(35,330,833)
Total Other Financing Sources	(145,304)	34,463,857	4,273,631	38,592,184
Net Change in Fund Balances	286,480	34,862,605	3,674,886	38,823,971
Fund Balances at Beginning Of Year	7,959,186	-	361,317	8,320,503
Fund Balances at End of Year	\$8,245,666	\$34,862,605	\$4,036,203	\$47,144,474

See Accompanying Notes to the Basic Financial Statements

Clark-Shawnee Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
 In Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2018*

Net Change in Fund Balances - Total Governmental Funds \$38,823,971

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,393,115	
Depreciation Expense	(698,671)	
Excess of Capital Outlay over Depreciation Expense	694,444	694,444

The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net position, the debt is reported as a liability:

General Obligation Bonds Issued	(35,440,000)	
Premium on Bonds Issued	(2,615,161)	
Amortization of Premium on Bonds Issued	35,340	
Capital Lease Payments	99,936	
Total long-term debt	(37,919,885)	(37,919,885)

Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.

Property Taxes	48,722	
Tuition and Fees	(12,987)	
Intergovernmental Grants	14,526,914	14,562,649

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

2,276,566

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

8,967,166

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability.

(537,023)

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

Increase in Compensated Absences	(182,614)	
Increase in Accrued Interest Payable	(118,342)	
Decrease in Vacation Leave Payable	8,251	(292,705)

Change in Net Position of Governmental Activities

\$26,575,183

See Accompanying Notes to the Basic Financial Statements

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

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Property Taxes	\$11,297,338	\$11,216,261	\$11,279,483	\$63,222
Payment in Lieu of Taxes	50,290	60,396	60,396	0
Intergovernmental	8,221,439	8,196,205	8,196,205	-
Interest	35,000	85,727	85,727	-
Tuition and Fees	2,625,109	2,672,029	2,672,029	-
Charges for Services	1,680	-	-	-
Extracurricular Activities	29,895	26,730	26,730	-
Rent	35,000	26,070	26,070	-
Miscellaneous	40,000	27,261	27,261	-
Total Revenues	22,335,751	22,310,679	22,373,901	63,222
Expenditures:				
Current:				
Instruction:				
Regular	10,301,081	10,031,975	10,055,845	(23,870)
Special	2,865,066	2,950,946	2,890,165	60,781
Vocational	114,782	114,782	112,889	1,893
Adult/Continuing	130,000	130,000	119,425	10,575
Student Intervention Services	95,140	95,140	94,911	229
Other	1,343,571	1,343,571	1,104,271	239,300
Support Services:				
Pupils	1,082,614	1,084,215	1,059,887	24,328
Instructional Staff	344,518	344,692	385,073	(40,381)
Board of Education	102,307	120,800	99,226	21,574
Administration	2,042,828	2,073,230	1,967,396	105,834
Fiscal	592,152	606,479	562,510	43,969
Business	11,000	11,000	5,171	5,829
Operation and Maintenance of Plant	1,413,450	1,504,668	1,365,145	139,523
Pupil Transportation	898,713	930,430	922,301	8,129
Operation of Non-Instructional Services	-	-	600	(600)
Extracurricular Activities	694,839	690,133	673,733	16,400
Total Expenditures	22,032,061	22,032,061	21,418,548	613,513
Excess of Revenues Over (Under) Expenditures	303,690	278,618	955,353	676,735
Other Financing Sources (Uses):				
Advance In	100,000	65,000	65,000	-
Refund of Prior Year Expenditure	125,000	185,072	185,072	-
Transfers Out	(655,648)	(655,648)	(682,327)	(26,679)
Advances Out	(100,000)	(100,000)	(73,321)	26,679
Refund of Prior Year Receipts	(35,000)	(35,000)	(16,957)	18,043
Total Other Financing Sources (Uses)	(565,648)	(540,576)	(522,533)	18,043
Net Change in Fund Balances	(261,958)	(261,958)	432,820	694,778
Fund Balance at Beginning of Year	7,798,365	7,798,365	7,798,365	-
Prior Year Encumbrances Appropriated	242,452	242,452	242,452	-
Fund Balance at End of Year	\$7,778,859	\$7,778,859	\$8,473,637	\$694,778

See Accompanying Notes to the Basic Financial Statements

Clark-Shawnee Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	PRIVATE PURPOSE TRUST	
	SCHOLARSHIP	AGENCY
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$27,374	\$54,360
Liabilities:		
Undistributed Monies	0	\$26,255
Due to Students	0	28,105
Total Liabilities	0	\$54,360
Net Position:		
Held in Trust for Scholarships	\$27,374	

See Accompanying Notes to the Basic Financial Statements

Clark-Shawnee Local School District
Statement of Change in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	PRIVATE PURPOSE TRUST
	SCHOLARSHIP
Additions:	
Miscellaneous	\$3,780
Deductions:	
Scholarships Awarded	7,000
Change in Net Position	(3,220)
Net Position Beginning of Year	30,594
Net Position End of Year	\$27,374

See Accompanying Notes to the Basic Financial Statements

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Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Clark-Shawnee Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government and provides educational services as mandated by State statute and federal guidelines.

The School District was established in 1858 through the consolidation of existing land areas and school districts. It was formerly named Springfield Local School District. The School District serves an area of approximately 36 square miles. It is located in Clark County, and includes all of Springfield Township. It is staffed by 83 non-certificated employees and 150 certificated full-time teaching personnel who provide services to approximately 2,000 students and other community members. The School District currently operates three elementary/middle schools (K-8) and a high school (9-12).

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

Parochial Schools - Within the School District boundaries, Risen Christ Lutheran School is operated as a private school. Current State legislation provides funding to this parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected as a government activity for financial reporting purposes.

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

The School District participates in four jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association
Southwestern Ohio Educational Purchasing Council
Clark County Family and Children First Council
Springfield-Clark Career Technology Center

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (continued)

Insurance Purchasing Pools:

Southwestern Ohio Educational Purchasing Council Workers'
Compensation Group Rating Plan
Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

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

Governmental Funds:

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

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

OFCC Construction – This fund accounts for the monies that will be used for the Ohio Facilities Construction Commission (OFCC) construction of building a new elementary building and renovating the high school.

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

Fiduciary Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

Government-wide Financial Statements:

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements:

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension/OPEB. The deferred outflows of resources to pension/OPEB are explained in Note 10 and Note 11.

In addition to liabilities, the statements of net position and balance sheet 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, pension/OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables, which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and Note 11.)

Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as “Cash and Cash Equivalents with Fiscal Agents” and represents deposits.

Investments are reported at fair value, which for mutual funds is based on current share price. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During fiscal year 2018, the School District invested in commercial paper, STAR Ohio, US Government Agency Notes, US Treasury Bills, US Treasury Notes, Federated Government Obligations Capital Fund and First American Treasury Obligations Fund.

The School 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 School 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 market value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$50 million, requiring the excess amounts 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.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to \$88,140, which includes \$73,464 assigned from other School District funds.

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

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

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

G. Prepaid Items

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

H. Pensions/Other Postemployment Benefits (OPEB)

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

Description	Estimated Lives
Buildings and Improvements	20-100 years
Infrastructure	20 years
Furniture and Equipment	10-20 years
Vehicles	18 years

J. Accrued Liabilities and Long-term Obligations

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

In general, 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 governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Capital leases are recognized as a liability in the fund financial statements when due.

K. Compensated Absences

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of service with the State Teachers Retirement System of Ohio (STRS Ohio) or the School Employees Retirement System (SERS).

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

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

L. Fund Balance

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

Non-spendable – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The 'not in spendable form' includes items that are not expected to be converted to cash.

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

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(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 used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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 can be used.

M. Net Position

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include activities for food service operations, music and athletic programs, debt service, and federal and state grants restricted to expenditures for specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. None of the restricted net position amounts were restricted by enabling legislation.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 are eliminated on the Statement of Activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

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

O. Estimates

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Budgetary Data

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

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

NOTE 3 - FUND DEFICITS

The Lunchroom, Athletics, Special Education IDEA, Title I, and Title IIA special revenue funds had deficit fund balances at June 30, 2018, of \$11,480, \$10,306, \$28,648, \$15,243, and \$4,800. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as assigned fund balance (GAAP).
4. Perspective differences as a result of fund structure.

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

Net Change in Fund Balance	
	General
GAAP Basis	\$286,480
Net Adjustment for Revenue Accruals	65,598
Net Adjustment for Expenditure Accruals	121,332
Perspective Differences	6,683
Prepays	2,818
Advances	(8,321)
Change in Fair Market Value of Investments	(2,413)
Encumbrances	(39,357)
Budget Basis	\$432,820

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive monies 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 monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including but not limited to passbook accounts.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

Interim monies are to 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;
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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days 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 rating classifications by at least two nationally recognized rating agencies.

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.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At fiscal year-end, the carrying amount of the School District's deposits was \$7,721,809 and the bank balance was \$8,294,801. \$5,934,625 of the School District's deposits was insured by federal depository insurance. As of June 30, 2018, \$2,360,176 of the School District's bank balance of \$8,294,801 was collateralized through the OPCS.

Investments

Investments are reported at fair value. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2018, the School had the following investments:

Investment	Level	Maturity	Fair Value
ING US Commercial Paper	1	2018	\$3,621,569
JP Morgan Commercial Paper	1	2018	3,625,770
BNP Paribas Commercial Paper	1	2018	2,505,437
TD USA Commercial Paper	1	2018	2,347,039
MUFG Bank Commercial Paper	1	2018	3,224,023
Natixix NY Commercial Paper	1	2018	1,947,543
General Electric Capital Corp Commercial Paper	1	2018	4,172,532
Toyota Motor Credit Commercial Paper	1	2018	4,184,673
Federal Home Loan Mortgage Notes	1	2019	148,440
US Treasury Bills	1	2018	8,502,729
US Treasury Notes	1	2018	562,963
Federal National Mortgage Association Notes	1	2019-2021	901,296
STAR Ohio	1	48.9 days	4,207,863
First American Treasury Obligation Fund	1	26 days	37,204
Federated Government Obligations Capital	1	25 days	11,032
			\$40,000,113

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's investment policy does not further limit its investment choices.

Credit Risk – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. The School District's investments in Federal Home Loan Mortgage Note, US Treasury Note, and Federal National Mortgage Association notes are all rated AA+ by S&P. The US Treasury Bills, TD USA commercial paper and the Toyota Motor Credit Commercial Paper are rated A-1+ by S&P. All other commercial paper is rated A-1 by S&P. The First American Treasury Obligations Fund and Federated Government Obligations Fund are rated AAAM by S&P.

Concentration of Credit Risk - The School District places no limits on the amount the School District may invest in any one issuer. The School District's investments are as follows:

<u>Investment</u>	<u>Maturity</u>	<u>Percent</u>
ING US Commercial Paper	2018	9%
JP Morgan Commercial Paper	2018	9%
BNP Paribas Commercial Paper	2018	6%
TD USA Commercial Paper	2018	6%
MUFG Bank Commercial Paper	2018	8%
Natixix NY Commercial Paper	2018	5%
General Electric Capital Corp Commercial Paper	2018	10%
Toyota Motor Credit Commercial Paper	2018	10%
US Treasury Bills	2018	21%
STAR Ohio		11%

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The federal agency securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name.

The School District has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the Treasurer or qualified trustee.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real property and public utility property located in the School District.

Real property tax receipts received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 6 - PROPERTY TAXES (continued)

Public utilities subject to taxation on their tangible personal property include electric, rural electric, natural gas, pipeline, water works, water transportation, heating and telegraph companies. The tax rates vary according to the type of public utility. Public utility taxes are levied on all tangible personal property owned and located in Ohio on December 31 of the preceding year.

Real property and public utility 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.

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is 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 inflow of resources.

The amount available as an advance is recognized as revenue. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The amount available as an advance at June 30, 2018, was \$1,569,557 in the General Fund and \$268,932 in the Bond Retirement Fund. The amount available as an advance at June 30, 2017, was \$1,589,374 in the General Fund.

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

	<u>2017 Second- Half Collections</u>		<u>2018 First- Half Collections</u>	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$320,169,842	93.10%	\$317,941,420	92.43%
Public Utility Personal	23,714,710	6.90	26,039,990	7.57
Total	<u>\$343,884,552</u>	<u>100.00%</u>	<u>\$343,981,410</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$45.66		\$50.96	

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018, consisted of property taxes, accounts (tuition and student fees) and intergovernmental grants. All receivables are considered collectible in full and will be received within one year, with the exception of the OFCC grant, which will be received throughout the duration of the project. A summary of the principal items of intergovernmental receivables are as follows:

<u>Intergovernmental Receivable</u>	<u>Amounts</u>
Governmental Activities:	
Workers Compensation Reimbursement	\$50,761
Erate reimbursement	902
PNC purchasing rebate	1,518
Auxilliary Services	65,083
Special Education IDEA	53,925
Title I	21,940
IDEA - Early Childhood	568
Title IIA	9,862
Title IV	874
OFCC grant	14,502,849
Total	<u>\$14,708,282</u>

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Governmental Assets				
<i>Capital Assets, not being depreciated</i>				
Land	\$641,103	\$0	\$0	\$641,103
Construction in Progress	-	762,605	-	762,605
Total Capital Assets, not being depreciated	<u>641,103</u>	<u>762,605</u>	<u>-</u>	<u>1,403,708</u>
<i>Capital Assets, being depreciated</i>				
Building and Improvements	14,165,725	-	-	14,165,725
Infrastructure	1,289,333	-	-	1,289,333
Furniture and Equipment	3,336,350	37,604	(1,103)	3,372,851
Vehicles	1,780,084	592,906	(284,633)	2,088,357
Total Capital Assets, being depreciated	<u>20,571,492</u>	<u>630,510</u>	<u>(285,736)</u>	<u>20,916,266</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(6,546,808)	(398,450)	-	(6,945,258)
Infrastructure	(456,632)	(65,529)	-	(522,161)
Furniture and Equipment	(2,242,068)	(161,323)	1,103	(2,402,288)
Vehicles	(1,213,259)	(73,369)	284,633	(1,001,995)
Total Accumulated Depreciation	<u>(10,458,767)</u>	<u>(698,671)</u>	<u>285,736</u>	<u>(10,871,702)</u>
Total Capital Assets, being depreciated, net	<u>10,112,725</u>	<u>(68,161)</u>	<u>-</u>	<u>10,044,564</u>
Governmental Activities Capital Assets, net	<u>10,753,828</u>	<u>694,444</u>	<u>-</u>	<u>11,448,272</u>

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 8 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$67,103
Special	2,746
Vocational	50
Support Services:	
Pupils	218
Instructional Staff	2,084
Administration	10,369
Fiscal	210
Operation and Maintenance of Plant	519,704
Transportation	59,426
Operation of Non-Instructional Services	6,679
Extracurricular Activities	30,082
	<u>\$698,671</u>

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2018, the School District contracted with Arthur Gallagher Risk Management Services Inc. through the Southwestern Ohio Purchasing Council for liability, property, crime, and fleet insurance. Coverage provided is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$300,000,000
Boiler and Machinery (\$2,500 deductible)	50,000,000
Crime Insurance	1,000,000
Automobile Liability (\$1,000 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 9 - RISK MANAGEMENT (continued)

B. Workers' Compensation

For fiscal year 2018, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - 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 School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The School District's contractually required contribution to SERS was \$349,267 for fiscal year 2018. Of this amount \$17,732 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation 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 26 years of service, or 31 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.

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.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reached 14 percent on July 1, 2016. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,871,994 for fiscal year 2018. Of this amount \$314,856 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,683,964	\$20,490,402	\$25,174,366
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0795296%	0.08796015%	
Current Measurement Date	<u>0.0783956%</u>	<u>0.08625644%</u>	
Change in Proportionate Share	<u>-0.0011340%</u>	<u>-0.00170371%</u>	
Pension Expense	(\$124,799)	(\$7,930,882)	(\$8,055,681)

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$201,582	\$791,243	\$992,825
Changes of assumptions	242,211	4,481,476	4,723,687
Difference between School District contributions and proportionate share of contributions	119,120	535,559	654,679
School District contributions subsequent to the measurement date	<u>349,267</u>	<u>1,871,994</u>	<u>2,221,261</u>
Total Deferred Outflows of Resources	<u>\$912,180</u>	<u>\$7,680,272</u>	<u>\$8,592,452</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$165,152	\$165,152
Net difference between projected and actual earnings on pension plan investments	22,234	676,207	698,441
Difference between School District contributions and proportionate share of contributions	<u>70,773</u>	<u>112,187</u>	<u>182,960</u>
Total Deferred Inflows of Resources	<u>\$93,007</u>	<u>\$953,546</u>	<u>\$1,046,553</u>

\$2,221,261 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$239,733	\$1,094,192	\$1,333,925
2020	288,414	2,030,807	2,319,221
2021	50,952	1,409,958	1,460,910
2022	<u>(109,193)</u>	<u>319,775</u>	<u>210,582</u>
Total	<u>\$469,906</u>	<u>\$4,854,732</u>	<u>\$5,324,638</u>

Actuarial Assumptions - SERS

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined 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 averaged of the expected real return premiums for 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:

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$6,500,125	\$4,683,964	\$3,162,559

Actuarial Assumptions - STRS

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

	<u>July 1, 2017</u>	<u>July 1, 2016</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

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

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

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

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and 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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$29,372,294	\$20,490,402	\$13,008,739

NOTE 11 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$42,369.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$55,305 for fiscal year 2018. Of this amount \$42,369 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Current Measurement Date	0.07896850%	0.08625644%	
Proportionate Share of the Net			
OPEB Liability	\$2,119,307	\$3,365,408	\$5,484,715
OPEB Expense	\$115,455	(\$1,026,940)	(\$911,485)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience		\$194,272	\$194,272
School District contributions subsequent to the measurement date	\$55,305		55,305
Total Deferred Outflows of Resources	<u>\$55,305</u>	<u>\$194,272</u>	<u>\$249,577</u>
Deferred Inflows of Resources			
Changes of assumptions	\$201,111	\$271,095	\$472,206
Net difference between projected and actual earnings on OPEB plan investments	5,597	143,846	149,443
Total Deferred Inflows of Resources	<u>\$206,708</u>	<u>\$414,941</u>	<u>\$621,649</u>

\$55,305 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	(\$74,266)	(\$48,764)	(\$123,030)
2020	(74,266)	(48,764)	(123,030)
2021	(56,778)	(48,764)	(105,542)
2022	(1,398)	(48,766)	(50,164)
2023		(12,803)	(12,803)
Thereafter		(12,808)	(12,808)
Total	(\$206,708)	(\$220,669)	(\$427,377)

Actuarial Assumptions - SERS

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

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

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

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

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$2,559,333	\$2,119,307	\$1,770,694

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$1,719,659	\$2,119,307	\$2,648,248

Actuarial Assumptions – STRS

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

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

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

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

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

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

The OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection.

The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$4,518,006	\$3,365,408	\$2,454,479
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$2,338,141	\$3,365,408	\$4,717,411

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation leave must be used by each employee prior to the end of their contract year; any remaining balance at that time is forfeited. Unused vacation time, earned within a contract year, is paid to classified employees and administrators upon retirement. Teachers do not earn vacation time.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 12 - OTHER EMPLOYEE BENEFITS (continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 259 days for all personnel. Upon retirement, payment is made for twenty-six percent of accrued, but unused sick leave credit to a maximum of 67 days for all employees.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Assurant Insurance Company. Medical/surgical benefits are provided through Anthem through the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (See Note 17).

NOTE 13 - CAPITAL LEASE- LESSEE DISCLOSURE

The School District entered into capital leases for the acquisition of computer equipment and buses. The terms of these agreements provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as program/function expenditures on a budgetary basis. Principal payments in fiscal year 2018 totaled \$99,936.

Capital assets acquired by lease have been capitalized in the Statement of Net Position for governmental activities in the amount of \$564,771, which is equal to the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on these assets at June 30, 2018 was \$31,840 and the carrying value was \$532,931. Present value minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$148,171
2020	148,172
2021	110,888
2022	110,889
2023	55,441
Total	<u>573,561</u>
Less: Amount Representing Interest	<u>(50,081)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$523,480</u></u>

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 14 – NOTES PAYABLE

The changes in the School District’s notes payable were as follows:

	Amount Outstanding 6/30/2017	Additions	Deletions	Amount Outstanding 6/30/2018
Governmental Activities				
School Facilities Construction and Improvement Notes, 2017	\$0	\$37,273,542	(\$37,273,542)	\$0

During fiscal year 2018, the School District issued School Facilities Construction and Improvement notes with a maturity date of February 13, 2018. The notes carried an interest rate of 1.75%. The notes were paid off when the general obligation bonds were issued.

NOTE 15 - LONG-TERM OBLIGATIONS

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

	Restated Amount Outstanding 6/30/2017	Additions	Deletions	Amount Outstanding 6/30/2018	Amount Due in One Year
Governmental Activities					
General Obligation Bonds - 2017	\$0	\$25,800,000	\$0	\$25,800,000	\$25,000
General Obligation Bonds - 2018	-	9,640,000	-	9,640,000	-
Total General Obligation Bonds	-	35,440,000	-	35,440,000	25,000
Unamortized Bond Premium	-	2,615,161	(35,340)	2,579,821	-
Net Pension Liability					
STRS	29,442,914	-	(8,952,512)	20,490,402	-
SERS	5,820,833	-	(1,136,869)	4,683,964	-
Total Net Pension Liability	35,263,747	-	(10,089,381)	25,174,366	-
Net OPEB Liability					
STRS	4,613,017	-	(1,247,609)	3,365,408	-
SERS	2,250,894	-	(131,587)	2,119,307	-
Total Net OPEB Liability	6,863,911	-	(1,379,196)	5,484,715	-
Capital Leases	86,393	537,023	(99,936)	523,480	135,894
Compensated Absences	891,986	268,763	(86,149)	1,074,600	86,149
Total	\$ 43,106,037	\$ 38,860,947	\$ (11,690,002)	\$ 70,276,982	\$ 247,043

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 15 - LONG-TERM OBLIGATIONS

During fiscal year 2018, the School District issued \$25,800,000 in School Facilities Construction and Improvement, Series 2017 general obligation bonds. \$9,140,000 is serial bonds with interest rates ranging from 2-5% and \$16,660,000 are term bonds with interest rates ranging from 3.375-5%. The bonds have a final maturity date of November 1, 2054. The terms bonds are subject to mandatory sinking fund requirements.

Also during fiscal year 2018, the School District issued \$9,640,000 in School Facilities Construction and Improvement, Series 2018 general obligation bonds. \$9,640,000 are serial bonds with interest rates ranging from 3.25-4%.

General obligation bonds will be paid from property taxes levied for debt service. Capital leases will be paid from the General Fund. Compensated absences will be paid from the General Fund and the Food Service special revenue fund.

The School District was not subject to state consents or special needs approval to issue outstanding bonds due to its participation in a Commission program and qualifying for an exception of the approval requirements. The current overall debt limitation is \$0 as the amount of bonds outstanding currently exceed the 9% direct debt limitation. The general obligation bonds count towards the School District's net indebtedness in any analysis for a subsequent bond issue.

The School District's debt service requirements at June 30, 2018, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$25,000	\$1,419,850	\$1,444,850
2020	370,000	1,415,900	1,785,900
2021	380,000	1,404,600	1,784,600
2022	395,000	1,393,050	1,788,050
2023	405,000	1,381,000	1,786,000
2024-2028	2,655,000	6,615,825	9,270,825
2029-2033	3,745,000	5,913,150	9,658,150
2034-2038	4,660,000	5,070,807	9,730,807
2039-2043	5,975,000	4,029,150	10,004,150
2044-2048	6,080,000	2,803,100	8,883,100
2049-2053	7,360,000	1,490,000	8,850,000
2054-2055	3,390,000	140,500	3,530,500
	<u>\$35,440,000</u>	<u>\$33,076,932</u>	<u>\$68,516,932</u>

NOTE 16 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 16 – FUND BALANCE (continued)

<u>Fund Balance</u>	<u>General</u>	<u>OFCC Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepays	\$ 11,473	\$ -	\$ 2,535	\$ 14,008
Inventories	2,148	-	-	2,148
Total Nonspendable	<u>13,621</u>	<u>-</u>	<u>2,535</u>	<u>16,156</u>
Restricted for:				
Capital Improvements	-	34,862,605	3,085,808	37,948,413
Debt Service	-	-	792,628	792,628
State and Federal Grants	-	-	53,179	53,179
Capital Maintenance	-	-	172,530	172,530
Total Restricted	<u>-</u>	<u>34,862,605</u>	<u>4,104,145</u>	<u>38,966,750</u>
Committed to:				
Underground Storage Tank	11,000	-	-	11,000
Assigned for:				
Unpaid Obligations	34,951	-	-	34,951
FY 19 Appropriations	645,662	-	-	645,662
Latchkey	42,955	-	-	42,955
Public School Supprt	86,493	-	-	86,493
Total Assigned	<u>810,061</u>	<u>-</u>	<u>-</u>	<u>810,061</u>
Unassigned (Deficit)	7,410,984	-	(70,477)	7,340,507
Total Fund Balance	<u>\$ 8,245,666</u>	<u>\$34,862,605</u>	<u>\$ 4,036,203</u>	<u>\$ 47,144,474</u>

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Madison, Highland, Ross, and Montgomery Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of seven representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent and the executive director. The School District paid MVECA \$148,866 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 180 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS (continued)

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2018, the School District paid \$2,674,457 to the SOEPC, primarily for medical benefits (See Note 17B). To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Clark County Family and Children First Council - The Clark County Family and Children First Council (FCFC) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of representatives of each of the members of the Council, and representatives of those additional entities required to be represented on the Council pursuant to Section 121.37 of the Ohio Revised Code. The school districts in Clark County must appoint a superintendent of one of the schools to represent them on the eighteen member Board. Currently, the superintendent of the Clark County Educational Service Center serves as this representative. All members are obligated to pay all dues as established by the Council to aid the financing of the operations and programs of the Council. The Clark Shawnee School District did not have any payments to the FCFC during fiscal year 2018. Any member withdrawing from the Council must give one hundred eighty days written notice to the Council after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Leslie Crew, who serves as Executive Director, at 1345 Lagonda Avenue, Springfield, Ohio 45503.

Springfield-Clark Career Technology Center - The Springfield-Clark Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating school districts' and educational service center's elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following: Tecumseh Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Clark-Shawnee Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. The School District did not make any financial contributions to the CTC during fiscal year 2018. To obtain financial information, write to the Springfield-Clark Career Technology Center, Brad McKee, who serves as Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

B. Insurance Purchasing Pools

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a nine member committee consisting of the Chairperson, a representative from the Montgomery County Educational Service Center, and eight other members elected by a majority vote of all member school districts. The Chief administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS (continued)

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan – The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP’s business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program. For fiscal year 2018, the School District paid \$2,591,592 to the EPC for medical benefits.

NOTE 18 - SET-ASIDE CALCULATIONS

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

The following cash basis information identifies the changes in the fund balance reserve for capital acquisition during fiscal year 2018.

	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2017	\$0
Current Year Set-aside Requirement	364,631
Current Year Offsets	(655,648)
Totals	(\$291,017)
Set-aside Balances Carried Forward to Future Fiscal Years	\$0

The School District had offsets during the fiscal year that reduced the capital acquisitions amounts below zero. This extra amount may not be used to reduce the set-aside requirements in future fiscal years.

NOTE 19 – INTERFUND ACTIVITY

During fiscal year 2018, the General Fund transferred \$655,648 to the Permanent Improvement Fund to be set aside for future capital improvements or assets. The Permanent Improvement Fund transferred to \$171,908 to the OFCC Maintenance Fund to provide future maintenance of new building. The Building fund transferred \$34,463,857 to the OFCC Construction fund for the District’s local share of the OFCC building project. The Title I fund transferred \$8,699 to the Title IV fund. Finally, the General Fund transferred \$26,679 to the Athletic Fund to support the athletic department.

During 2017, the General Fund advanced the Athletic Fund \$65,000, which was returned in fiscal year 2018. During 2018, the General fund advanced \$73,321 to the Athletic Department, which was outstanding at fiscal year-end.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 20 - CONTINGENCIES

Grants

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

Foundation Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. 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 of the date of this report, the net impact of enrollment adjustments to the June 30, 2018 Foundation funding for the School District was a receivable, in the amount of \$29,408.

NOTE 21 – CONTRACTUAL COMMITMENTS

At June 30, 2018, the School District had the following contractual commitments:

<u>Vendor</u>	<u>Amount</u>	<u>Expended</u>	<u>Balance</u>
SHP Leading Design	\$ 4,080,623	\$ 754,686	\$ 3,325,937
Peterson Construction Company	303,453	-	303,453
Motz Consulting Engineers, Inc	176,693	7,919	168,774

NOTE 22 – TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, the County is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the local government or its citizens.

Enterprise Zone Program

The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real property tax exemptions to businesses making investments in Ohio. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible. The zone's geographic area is identified by the local communities involved in the creation of the zone.

Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 22 – TAX ABATEMENTS (continued)

Once a zone is defined, the local legislative authority participating in the creation must petition the Director of ODSA. The Director must then certify the area for it to become an active Enterprise Zone.

Local communities may offer tax incentives for non-retail projects that are establishing or expanding operations in the State of Ohio. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins.

Businesses located in an Enterprise Zone may negotiate exemptions on new property tax from investment for up to seventy-five percent for ten years. For commercial projects, job retention and/or creation is also required. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer.

Agreements must be in place before the project begins. Pursuant to the terms of such agreements, if the actual number of employee positions created or retained by the business in any three-year period during which the agreement is in effect is not equal to or greater than seventy-five percent of the number of employee positions estimated to be created or retained under the agreement, the business shall repay the amount of taxes on property that would have been payable had the property not been exempted. In addition, the local governments may terminate or modify the exemptions from taxation granted under the agreement if the terms of the agreement are not met.

Clark Shawnee Local School District falls within an enterprise zone created by Clark County. Five companies (US Express, Inc, Speedway LLC, Konecranes Inc, Mountain Agency Springfield LLC, and Fibricon Enterprises Inc,) have entered into agreements with Clark County for 10-year, 75% tax abatements. Taxes foregone by the School District was \$174,310 for 2017.

NOTE 23 – CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2018, the School District has implemented Governmental Accounting Standard Board Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions” and the related guidance from (GASB) Implementation Guide No. 2017-3, “Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Items Related to OPEB Plan Reporting”. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The implementation of this statement decreased net position \$6,823,577, from (\$9,139,787) to (\$15,963,364). Additional note disclosures can be found in Note 11.

Other than employer contributions subsequent to the measurement date of \$40,334, the School District made no restatement for deferred inflows/outflows as the information needed to generate these restatements was not available.

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Clark-Shawnee Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(Continued)

NOTE 23 – CHANGES IN ACCOUNTING PRINCIPLE (continued)

For fiscal year 2018, the School District has implemented Governmental Accounting Standard Board Statement No. 82, “Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and no. 73”. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplemental 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 this statement had no effect on the financial statements of the School District.

For fiscal year 2018, the School District has implemented GASB Statement No. 85, “Omnibus 2017” which addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and OPEB. The implementation of GASB 85 did not have an effect on the financial statements of the School District.

For fiscal year 2018, the School District has implemented Governmental Accounting Standard Board Statement No. 86, “Certain Debt Extinguishment Issues”. This statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of this statement had no effect on the financial statements of the School District.

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0783956%	0.0795296%	0.0767176%	0.0742010%	0.0742010%
School District's Proportionate Share of the Net Pension Liability	\$4,683,964	\$5,820,833	\$4,377,581	\$3,755,270	\$4,412,495
School District's Covered Employee Payroll	\$2,489,929	\$2,469,893	\$2,453,293	\$2,177,915	\$2,193,699
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	188.12%	235.67%	178.44%	172.43%	201.14%
Plan Fiduciary Net Position as a Percentage Of the Total Net Pension Liability	69.50%	62.98%	69.16%	71.70%	65.62%

(1) Information Prior to 2014 is not available

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.08625644%	0.08796015%	0.08687380%	0.08581958%	0.08581958%
School District's Proportionate Share of the Net Pension Liability	\$20,490,402	\$29,442,914	\$24,009,377	\$20,874,295	\$23,637,745
School District's Covered Employee Payroll	\$12,371,736	\$11,513,807	\$10,104,414	\$9,442,885	\$9,222,000
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	165.62%	255.72%	237.61%	221.06%	256.32%
Plan Fiduciary Net Position as a Percentage Of the Total Net Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information Prior to 2014 is not available

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

See accompanying notes to the required supplementary information

Clark-Shawnee Local School District
Required Supplementary Information
Schedule of School District's Contributions - Pension
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$349,267	\$348,590	\$345,785	\$323,344
Contributions in Relation to the Contractually Required Contribution	<u>(349,267)</u>	<u>(348,590)</u>	<u>(345,785)</u>	<u>(323,344)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$2,587,163	\$2,489,929	\$2,469,893	\$2,453,293
Contributions as a Percentage of Covered-Employee Payroll	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$301,859	\$303,608	\$291,488	\$243,386	\$354,749	\$168,332
<u>(301,859)</u>	<u>(303,608)</u>	<u>(291,488)</u>	<u>(243,386)</u>	<u>(354,749)</u>	<u>(168,332)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,177,915	\$2,193,699	\$2,167,197	\$1,936,245	\$2,620,007	\$1,710,691
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

Clark-Shawnee Local School District
Required Supplementary Information
Schedule of School District's Contributions - Pension
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$1,871,994	\$1,732,043	\$1,611,933	\$1,414,618
Contributions in Relation to the Contractually Required Contribution	<u>(1,871,994)</u>	<u>(1,732,043)</u>	<u>(1,611,933)</u>	<u>(1,414,618)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$13,371,386	\$12,371,736	\$11,513,807	\$10,104,414
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$1,227,575	\$1,198,860	\$1,150,569	\$1,244,653	\$1,272,900	\$1,231,082
<u>(1,227,575)</u>	<u>(1,198,860)</u>	<u>(1,150,569)</u>	<u>(1,244,653)</u>	<u>(1,272,900)</u>	<u>(1,231,082)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,442,885	\$9,222,000	\$8,850,531	\$9,574,254	\$9,791,538	\$9,469,862
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Clark-Shawnee Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2018	2017
School District's Proportion of the Net OPEB Liability	0.07896850%	0.07896850%
School District's Proportionate Share of the Net OPEB Liability	\$2,119,307	\$2,250,894
School District's Covered Employee Payroll	\$2,489,929	\$2,469,893
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	85.12%	91.13%
Plan Fiduciary Net Position as a Percentage Of the Total Net OPEB Liability	12.46%	11.49%

(1) Information Prior to 2017 is not available

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

See accompanying notes to the required supplementary information

Clark-Shawnee Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2018	2017
School District's Proportion of the Net OPEB Liability	0.08625644%	0.08625644%
School District's Proportionate Share of the Net OPEB Liability	\$3,365,408	\$4,613,017
School District's Covered Employee Payroll	\$12,371,736	\$11,513,807
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	27.20%	40.07%
Plan Fiduciary Net Position as a Percentage Of the Total Net OPEB Liability	47.10%	37.30%

(1) Information Prior to 2017 is not available

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

See accompanying notes to the required supplementary information

Clark-Shawnee Local School District
Required Supplementary Information
Schedule of School District's Contributions - OPEB
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions (1)	\$55,305	\$40,334	\$38,862	\$56,040
Contributions in Relation to the Contractually Required Contribution	<u>(55,305)</u>	<u>(40,334)</u>	<u>(38,862)</u>	<u>(56,040)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$2,587,163	\$2,489,929	\$2,469,893	\$2,453,293
Contributions as a Percentage of Covered-Employee Payroll	2.14%	1.62%	1.57%	2.28%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$38,957	\$41,938	\$45,644	\$62,006	\$58,653	\$117,791
<u>(38,957)</u>	<u>(41,938)</u>	<u>(45,644)</u>	<u>(62,006)</u>	<u>(58,653)</u>	<u>(117,791)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,177,915	\$2,193,699	\$2,167,197	\$1,936,245	\$2,620,007	\$1,710,691
1.79%	1.91%	2.11%	3.20%	2.24%	6.89%

Clark-Shawnee Local School District
Required Supplementary Information
Schedule of School District's Contributions - OPEB
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$13,371,386	\$12,371,736	\$11,513,807	\$10,104,414
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$94,429	\$92,220	\$88,505	\$95,743	\$97,915	\$94,699
<u>(94,429)</u>	<u>(92,220)</u>	<u>(88,505)</u>	<u>(95,743)</u>	<u>(97,915)</u>	<u>(94,699)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,442,885	\$9,222,000	\$8,850,531	\$9,574,254	\$9,791,538	\$9,469,862
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Clark-Shawnee Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

NET PENSION LIABILITY

School Employees Retirement System

Changes of Benefit Terms - The cost-of-living adjustment was changed from a fixed 3% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HP 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

State Teachers Retirement System

Changes of Benefit Terms - Effective July 1, 2017, the COLA was reduced to zero.

Changes in Assumptions - The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.5%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

NET OPEB LIABILITY

School Employees Retirement System

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

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Clark-Shawnee Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(Continued)

State Teachers Retirement System

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

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

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	(1) Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$148,685	
National School Lunch Program:				
National School Lunch Program	10.555	N/A	335,754	
National School Lunch Program (Food Distribution)				\$46,672
Total National School Lunch Program			335,754	46,672
Total Child Nutrition Cluster			484,439	46,672
Total U.S. Department of Agriculture			484,439	46,672
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	N/A	324,371	
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	N/A	370,326	
Special Education Preschool Grants	84.173	N/A	9,172	
Total Special Education Cluster (IDEA)			379,498	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	N/A	64,734	
Total U.S. Department of Education			768,603	
Total Expenditures of Federal Awards			\$1,253,042	\$46,672

(1) There were no amounts passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2018, the School District made allowable transfers of \$8,699 from the Student Support and Academic Enrichment (CFDA #84.424) program to the Title I Grants to Local Educational Agencies (CFDA #84.010) program. The amount transferred to the Title I Grants to Local Educational Agencies program is included as Title I Grants to Local Educational Agencies expenditures when disbursed. The entire amount drawn for the program during fiscal year 2018 was transferred to the Title I Grants to Local Educational Agencies program.

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OHIO AUDITOR OF STATE KEITH FABER



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

Clark-Shawnee Local School District
Clark County
3680 Selma Road
Springfield, Ohio 45502

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clark-Shawnee Local School District, Clark County, (the School District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 13, 2019, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 13, 2019



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

Clark-Shawnee Local School District
Clark County
3680 Selma Road
Springfield, Ohio 45502

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 13, 2019

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER



CLARK SHAWNEE LOCAL SCHOOL DISTRICT

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 28, 2019**