CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2018

TABLE OF CONTENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2018

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

INDEPENDENT AUDITOR'S REPORT

Claymont City School District
Tuscarawas County
201 North Third Street
Dennison, Ohio 44621

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Claymont City School District, Tuscarawas 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 year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the 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 District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 20, 2019

This page intentionally left blank.

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position of governmental activities increased $9,565,390, which represents a 61.09% increase from the restated net position at June 30, 2017.
- General revenues accounted for $19,528,010 in revenue or 78.54% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $5,334,957 or 21.46% of total revenues of $24,862,967.
- The District had $15,297,577 in expenses related to governmental activities; only $5,334,957 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $19,528,010 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had $22,055,795 in revenues and other financing sources and $22,919,733 in expenditures and other financing uses. During fiscal year 2018, the general fund's fund balance decreased $863,938, from a beginning fund balance of $5,220,284 to $4,356,346.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2018?" The statement of net position and the statement of activities answer this question.

These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, extracurricular activities, food service operations and other non-instructional services.

The District's statement of net position and statement of activities can be found on pages 19-20 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between the government as a whole, as reported in the statement of net position and the statement of activities, and the governmental funds are reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 21-25 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in the statements of fiduciary net position and changes in fiduciary net position on pages 26 and 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-72 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 73 through 87 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table on the following page provides a summary of the District's net position for 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

Net Position

	Governmental Activities 2018	Restated Governmental Activities 2017
Assets		
Current and other assets	$ 11,845,979	$ 12,529,934
Capital assets, net	16,470,134	16,798,276
Total assets	28,316,113	29,328,210
Deferred Outflows of Resources		
Pension	8,285,606	7,189,828
OPEB	282,185	46,615
Total deferred outflows of resources	8,567,791	7,236,443
Liabilities		
Current liabilities	2,331,379	2,116,749
Long-term liabilities:		
Due within one year	675,830	753,887
Due in more than one year:		
Net pension liability	25,563,443	34,987,102
Other amounts	3,249,726	3,573,327
Net OPEB liability	5,678,376	7,070,017
Total liabilities	37,498,754	48,501,082
Deferred Inflows of Resources		
Property taxes levied for next year	3,698,063	3,420,870
Pensions	1,110,248	301,340
OPEB	670,088	-
Total deferred inflows of resources	5,478,399	3,722,210
Net Position		
Net investment in capital assets	14,435,335	14,670,976
Restricted	595,040	1,045,906
Unrestricted (deficit)	(21,123,624)	(31,375,521)
Total net position (deficit)	$ (6,093,249)	$ (15,658,639)

The net pension liability (NPL) is the largest single liability reported by the 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 District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the 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 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 a deficit of $8,635,237 to a deficit of $15,658,639.

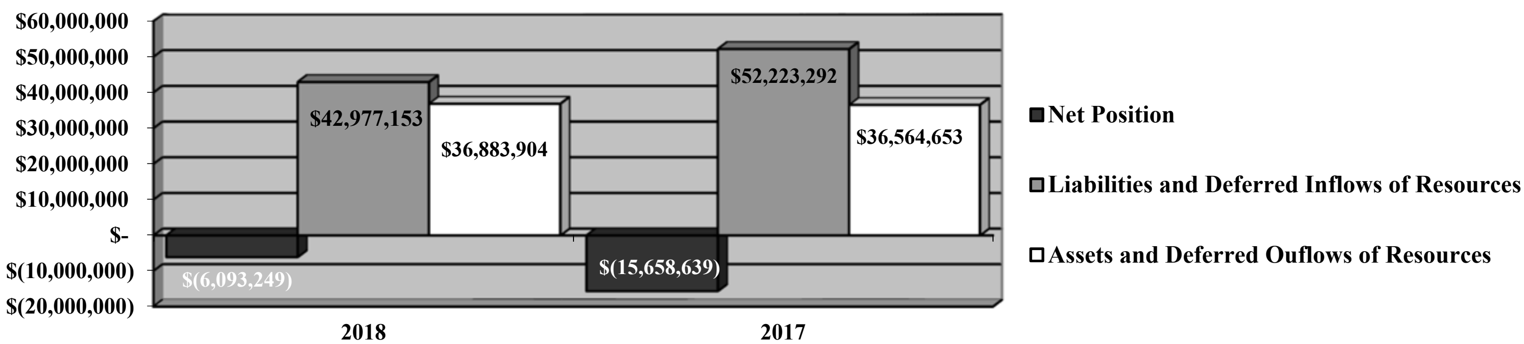
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $6,093,249. Of this total, $595,040 is restricted in use.

At year-end, capital assets represented 58.17% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2018 was $14,435,335. Capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, the resources to repay the debt must be provided from other sources since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $595,040, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $21,123,624.

The graph below shows the District's governmental activities assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

Governmental Activities



The table below shows the change in net position for fiscal years 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

Changes in Net Position

	Governmental Activities 2018	Restated Governmental Activities 2017
Revenues		
Program revenues:		
Charges for services and sales	$ 1,469,671	$ 1,686,534
Operating grants and contributions	3,865,286	4,011,683
General revenues:		
Property taxes	3,998,532	3,957,661
Payment in lieu of taxes	-	10,000
Grants and entitlements	15,359,407	15,040,644
Investment earnings	83,538	37,413
Other	86,533	48,690
Total revenues	24,862,967	24,792,625
Expenses		
Program expenses:		
Instruction:		
Regular	6,810,641	12,340,964
Special	2,142,126	3,825,031
Vocational	38,549	111,569
Other	142,376	-
Support services:		
Pupil	583,175	1,015,524
Instructional staff	472,857	872,308
Board of education	248,539	108,574
Administration	651,811	1,541,398
Fiscal	285,937	429,086
Business	25,301	38,063
Operations and maintenance	1,934,290	2,686,764
Pupil transportation	566,336	794,728
Central	10,517	75,754
Operation of non-instructional services:		
Food service operations	703,745	998,804
Other non-instructional services	47,199	75,920
Extracurricular activities	462,959	643,894
Interest and fiscal charges	171,219	215,286
Total expenses	15,297,577	25,773,667
Change in net position	9,565,390	(981,042)
Net position (deficit) at beginning of year (restated)	(15,658,639)	N/A
Net position (deficit) at end of year	$ (6,093,249)	$ (15,658,639)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $47,800 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $894,775. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$ 15,297,577
Negative OPEB expense under GASB 75	894,775
2018 contractually required contributions	62,348
Adjusted 2018 program expenses	16,254,700
Total 2017 program expenses under GASB 45	25,773,667
Decrease in program expenses not related to OPEB	$ (9,518,967)

Governmental Activities

Net position of the District's governmental activities increased $9,565,390 from the restated net position at June 30, 2017. Total governmental expenses of $15,297,577 were offset by program revenues of $5,334,957 and general revenues of $19,528,010. Program revenues supported 34.87% of total governmental activities' expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 77.86% of total governmental revenue. Earnings on investments increased from 2017 due to a net increase in the amount of investments held by the District as of June 30, 2018. Unrestricted grants and entitlements increased due to additional revenue allocated from the state foundation.

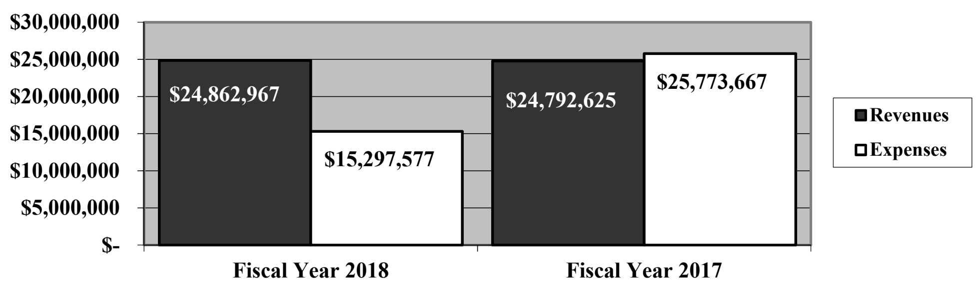
Expenses of the governmental activities decreased $10,476,090 or 40.65%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employees Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported ($7,943,841) in pension expense and ($894,775) in OPEB expense mainly due to these benefit changes.

Pension expense, by function, for 2018 and 2017 follows:

Program expenses:	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Instruction:			
Regular	$ (4,024,665)	$ 1,443,313	$ (5,467,978)
Special	(1,442,777)	495,511	(1,938,288)
Vocational	(3,710)	8,914	(12,624)
Other	(29,029)	-	(29,029)
Support services:			
Pupil	(357,462)	127,553	(485,015)
Instructional staff	(214,030)	76,216	(290,246)
Board of education	(4,152)	1,522	(5,674)
Administration	(634,781)	230,308	(865,089)
Fiscal	(111,049)	39,137	(150,186)
Business	(4,838)	1,765	(6,603)
Operations and maintenance	(467,266)	177,237	(644,503)
Pupil transportation	(214,130)	75,383	(289,513)
Central	(24,303)	10,167	(34,470)
Operation of non-instructional services:			
Other non-instructional services	(19,887)	5,709	(25,596)
Food service operations	(175,094)	61,577	(236,671)
Extracurricular activities	(216,668)	75,332	(292,000)
Total	$ (7,943,841)	$ 2,829,644	$ (10,773,485)

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2018 and 2017.

Governmental Activities - Revenues and Expenses



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

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
Unaudited

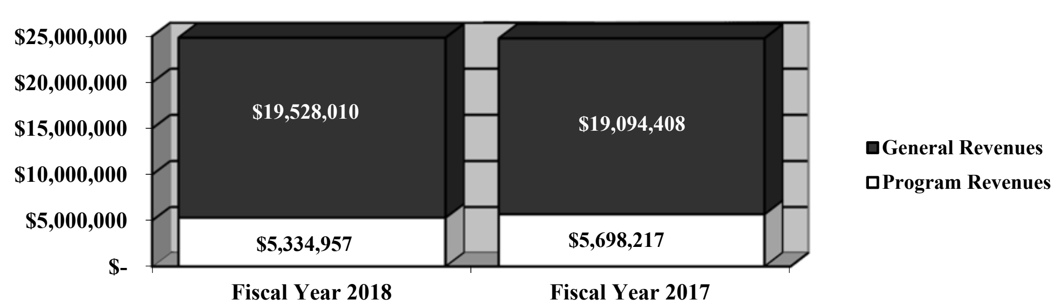
Governmental Activities

Program expenses	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction:				
Regular	$ 6,810,641	$ 5,303,150	$ 12,340,964	$ 10,843,360
Special	2,142,126	(615,413)	3,825,031	1,104,265
Vocational	38,549	(34,126)	111,569	38,767
Other	142,376	142,376	-	-
Support services:				
Pupil	583,175	561,745	1,015,524	967,169
Instructional staff	472,857	463,170	872,308	675,210
Board of education	248,539	248,539	108,574	108,574
Administration	651,811	644,476	1,541,398	1,476,765
Fiscal	285,937	285,937	429,086	429,086
Business	25,301	25,301	38,063	38,063
Operations and maintenance	1,934,290	1,930,230	2,686,764	2,679,551
Pupil transportation	566,336	540,380	794,728	767,200
Central	10,517	10,517	75,754	75,754
Operation of non-instructional services:				
Food service operations	703,745	(4,235)	998,804	184,694
Other non-instructional services	47,199	(22,530)	75,920	7,930
Extracurricular activities	462,959	311,884	643,894	463,776
Interest and fiscal charges	171,219	171,219	215,286	215,286
Total expenses	$ 15,297,577	$ 9,962,620	$ 25,773,667	$ 20,075,450

The dependence upon tax and other general revenues for governmental activities is apparent, as 52.51% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 65.13%. The District's taxpayers and unrestricted grants and entitlements from the state of Ohio, as a whole, are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2018 and 2017.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $5,325,619, which is 16.94% lower than fund balances at June 30, 2017, which totaled $6,412,285. The schedule below indicates the fund balances as of June 30, 2018 and June 30, 2017 and the net changes during fiscal year 2018.

Fund	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Change
General	$ 4,356,346	$ 5,220,284	$ (863,938)
Nonmajor governmental	969,273	1,192,001	(222,728)
Total	$ 5,325,619	$ 6,412,285	$ (1,086,666)

General Fund

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

	2018 Amount	2017 Amount	Increase (Decrease)	Percentage Change
Revenues				
Taxes	$ 3,679,744	$ 3,556,140	$ 123,604	3.48 %
Payment in lieu of taxes	-	10,000	(10,000)	(100.00) %
Tuition	1,189,991	1,257,056	(67,065)	(5.34) %
Earnings on investments	83,365	37,878	45,487	120.09 %
Intergovernmental	16,886,295	16,570,314	315,981	1.91 %
Other revenues	183,418	178,370	5,048	2.83 %
Total	$ 22,022,813	$ 21,609,758	$ 413,055	1.91 %
Expenditures				
Instruction	$ 14,335,447	$ 13,611,224	$ 724,223	5.32 %
Support services	7,612,207	6,564,707	1,047,500	15.96 %
Extracurricular activities	595,687	440,738	154,949	35.16 %
Debt service	181,392	139,701	41,691	29.84 %
Total	$ 22,724,733	$ 20,756,370	$ 1,968,363	9.48 %

In total, general fund revenues increased 1.91% over the prior fiscal year. Earnings on investments increased 120.09% from 2017 due to an increase in the amount of the investments held by the District as of June 30, 2018.

General fund expenditures increased by 9.48%. The largest component of this increase occurred among the District's support services expenses and is related to an increase in operations and maintenance expenditures due to a new roof project. The increase in debt services can be attributed to new principal and interest payments for a lease-purchase obligation.

General Fund Budgeting Highlights

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

For the general fund in fiscal year 2018, both original budgeted revenues and other financing sources were $21,213,249 which was $309,511 lower than final budgeted revenues and financing sources of $21,522,760. Actual revenues and other financing sources of $22,175,605 were $652,845 higher than budgeted revenues and other financing sources. Most of this variance is based on greater than anticipated property tax and intergovernmental revenues during the year.

General fund original appropriations (appropriated expenditures plus other financing uses) of $21,470,210 were $2,260,000 less than final budgeted expenditures and other financing uses which were $23,730,210. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled $23,060,738 and were $669,472 less than final budgeted appropriations as savings were realized in operational and maintenance expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District had $16,470,134 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in the District's governmental activities.

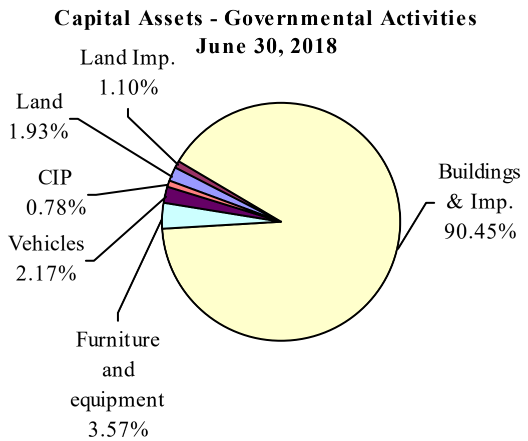
The following table shows fiscal year 2018 balances compared to 2017:

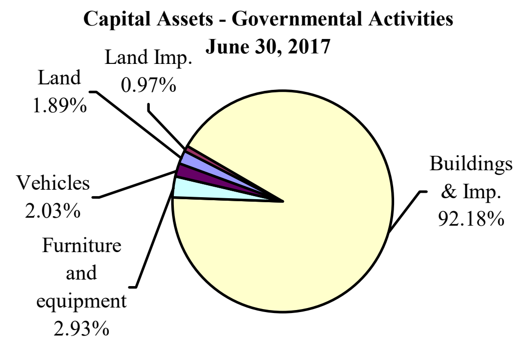
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	$ 318,293	$ 318,293
Construction in progress	128,000	-
Land improvements	179,890	162,441
Building and improvements	14,897,530	15,484,008
Furniture and equipment	588,319	492,857
Vehicles	358,102	340,677
Total	$ 16,470,134	$ 16,798,276

The District's capital assets, net of accumulated depreciation, decreased by $328,142 due to depreciation expense of $940,952 and disposals net of depreciation of $708 exceeding total capital outlays during fiscal year 2018 of $613,518.

The graphs below present the District's capital assets, net of accumulated depreciation, at the end of fiscal year 2018 compared to 2017.





See Note 8 to the basic financial statements for additional information regarding the District's capital assets.

Debt Administration

At June 30, 2018 the District had $1,547,644 in general obligation bonds (the issue is comprised of current interest bonds, general obligation bonds and capital appreciation bonds) and $931,000 in lease purchase obligations. Of this total, $530,853 is due within one year and $1,947,791 is due in greater than one year.

The following table summarizes the bonds and capital lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2018	Governmental Activities 2017
Current interest bonds	$ 800,000	$ 800,000
Capital appreciation bonds (including accreted interest)	680,644	945,466
General obligation bonds	67,000	88,387
Lease purchase obligation	931,000	1,038,000
Capital lease obligations	-	31,191
Pollution remediation obligation	-	8,720
Total	$ 2,478,644	$ 2,911,764

At June 30, 2018 the District's overall legal debt margin was $16,234,985 (including available funds of $489,272) and an unvoted debt margin of $76,628.

See Note 11 to the basic financial statements for detail regarding the District's debt administration.

Current Financial Related Activities

Due to the commitment of the Board of Education and administration, the District has carefully managed its general fund budget in order to optimally utilize the dollars available to educate the students it serves while minimizing the need for additional property tax millage. The unencumbered budgetary basis balance of the general fund was $5,591,911 at June 30, 2018 which is $563,984 less than the previous year.

HB 64, which was approved in June 2015, established school funding for Fiscal Years 2017 & 2018. HB 64 retains the same components of the previous funding formula with some changes to how the components are calculated.

The school funding formula continues to use a State Share Index to distribute state per pupil revenue to districts. The formula uses per-pupil property valuation and local taxpayer income factors to determine the State Share Index, which is then used to determine the portion of Opportunity Aid (base aid) that will come from the state versus the level that is assumed to be provided locally. The per-pupil amount for fiscal year 2018 is $4,530. The State Share Index for Claymont was .754.

In addition to Opportunity Aid, there are other components that comprise the new formula funding which are:

- Targeted Assistance
- Capacity Aid
- Special Education (funds are restricted as to use)
- Limited English Proficiency
- Economically Disadvantaged Aid (funds must be spent on specific categories)
- K-3 Literacy
- Gifted Identification and Units
- Career-Tech Additional Funding
- Transportation Supplement Aid
- Graduation Bonus
- 3rd Grade Bonus

The District will continue its commitment to operate effective and efficient educational facilities with the ongoing support and cooperation of the Claymont Education Association, Ohio Association of Public School Employees, District administration and the Board of Education.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kim Beckley, Treasurer/CFO, Claymont City School District, 201 N. Third Street, Dennison, Ohio 44621-1278.

This page intentionally left blank.

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	$ 7,073,230
Receivables:	
Property taxes	4,529,083
Accrued interest	1,736
Intergovernmental	205,680
Prepayments	34,208
Materials and supplies inventory.	2,042
Capital assets:	
Nondepreciable capital assets	446,293
Depreciable capital assets, net.	16,023,841
Capital assets, net	16,470,134
Total assets.	28,316,113
Deferred outflows of resources:	
Pension	8,285,606
OPEB	282,185
Total deferred outflows of resources	8,567,791
Liabilities:	
Accounts payable.	144,333
Contracts payable.	128,000
Accrued wages and benefits payable	1,637,678
Intergovernmental payable	64,001
Pension and postemployment benefits payable. .	353,764
Accrued interest payable	3,603
Long-term liabilities:	
Due within one year.	675,830
Due in more than one year:	
Net pension liability (See Note 14)	25,563,443
Other amounts due in more than one year .	3,249,726
Net OPEB liability (See Note 15)	5,678,376
Total liabilities	37,498,754
Deferred inflows of resources:	
Property taxes levied for the next fiscal year. .	3,698,063
Pension.	1,110,248
OPEB.	670,088
Total deferred inflows of resources	5,478,399
Net position:	
Net investment in capital assets	14,435,335
Restricted for:	
Capital projects	84,499
Classroom facilities maintenance	374,938
Locally funded programs	51,393
State funded programs.	12,208
Federally funded programs	8,256
Student activities	56,283
Other purposes	7,463
Unrestricted (deficit)	(21,123,624)
Total net position (deficit)	$ (6,093,249)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 6,810,641	$ 1,107,877	$ 399,614	$ (5,303,150)
Special	2,142,126	176,060	2,581,479	615,413
Vocational	38,549	-	72,675	34,126
Other	142,376	-	-	(142,376)
Support services:				
Pupil	583,175	-	21,430	(561,745)
Instructional staff	472,857	-	9,687	(463,170)
Board of education	248,539	-	-	(248,539)
Administration	651,811	1,873	5,462	(644,476)
Fiscal	285,937	-	-	(285,937)
Business	25,301	-	-	(25,301)
Operations and maintenance	1,934,290	1,900	2,160	(1,930,230)
Pupil transportation	566,336	-	25,956	(540,380)
Central	10,517	-	-	(10,517)
Operation of non-instructional services:				
Food service operations	703,745	42,887	665,093	4,235
Other non-instructional services	47,199	-	69,729	22,530
Extracurricular activities	462,959	139,074	12,001	(311,884)
Interest and fiscal charges	171,219	-	-	(171,219)
Total governmental activities	$ 15,297,577	$ 1,469,671	$ 3,865,286	(9,962,620)

General revenues:	
Property taxes levied for:	
General purposes	3,588,938
Debt service	349,278
Classroom facilities maintenance	60,316
Grants and entitlements not restricted to specific programs	15,359,407
Investment earnings	83,538
Miscellaneous	86,533
Total general revenues	19,528,010
Change in net position	9,565,390
Net position (deficit) at beginning of year (restated)	(15,658,639)
Net position (deficit) at end of year	$ (6,093,249)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and investments.	$ 5,870,939	$ 1,202,291	$ 7,073,230
Receivables:			
Property taxes.	4,092,333	436,750	4,529,083
Accrued interest	1,736	-	1,736
Intergovernmental.	116,694	88,986	205,680
Prepayments.	33,607	601	34,208
Materials and supplies inventory.	-	2,042	2,042
Loans to other funds.	10,521	-	10,521
Total assets	$ 10,125,830	$ 1,730,670	$ 11,856,500
Liabilities:			
Accounts payable	$ 121,213	$ 23,120	$ 144,333
Contracts payable.	64,000	64,000	128,000
Accrued wages and benefits payable	1,445,328	192,350	1,637,678
Intergovernmental payable	61,366	2,635	64,001
Pension and postemployment benefits payable. .	332,354	21,410	353,764
Loans from other funds.	-	10,521	10,521
Total liabilities.	2,024,261	314,036	2,338,297
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	3,342,367	355,696	3,698,063
Delinquent property tax revenue not available. . .	401,497	42,976	444,473
Intergovernmental revenue not available.	-	48,689	48,689
Accrued interest not available.	1,359	-	1,359
Total deferred inflows of resources	3,745,223	447,361	4,192,584
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	-	2,042	2,042
Prepaids.	33,607	601	34,208
Long-term loans.	10,521	-	10,521
Restricted:			
Debt service	-	489,272	489,272
Capital improvements	-	84,499	84,499
Classroom facilities maintenance	-	368,428	368,428
Food service operations	-	20,215	20,215
Non-public schools	-	10,075	10,075
Public school preschool	-	3,723	3,723
Other purposes.	-	59,048	59,048
Extracurricular activities.	-	56,283	56,283
Assigned:			
Student instruction	29,049	-	29,049
Student and staff support.	52,971	-	52,971
Subsequent year appropriations.	877,319	-	877,319
Unassigned (deficit)	3,352,879	(124,913)	3,227,966
Total fund balances	4,356,346	969,273	5,325,619
Total liabilities, deferred inflows and fund balances .	$ 10,125,830	$ 1,730,670	$ 11,856,500

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total governmental fund balances		$ 5,325,619
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		16,470,134
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 444,473	
Accrued interest receivable	1,359	
Intergovernmental receivable	48,689	
Total		494,521
Unamortized premiums on bonds issued are not recognized in the funds.		(22,383)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,603)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - pension	8,285,606	
Deferred inflows of resources - pension	(1,110,248)	
Net pension liability	(25,563,443)	
Total		(18,388,085)
The net OPEB liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - OPEB	282,185	
Deferred Inflows - OPEB	(670,088)	
Net OPEB liability	(5,678,376)	
Total		(6,066,279)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(1,547,644)	
Lease purchase obligations	(931,000)	
Compensated absences	(1,424,529)	
Total		(3,903,173)
Net position (deficit) of governmental activities		$ (6,093,249)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 3,679,744	$ 421,127	$ 4,100,871
Tuition	1,189,991	-	1,189,991
Earnings on investments	83,365	227	83,592
Charges for services	-	42,887	42,887
Extracurricular	32,148	106,926	139,074
Classroom materials and fees	93,946	-	93,946
Rental income	1,900	-	1,900
Contributions and donations	17,207	137,119	154,326
Contract services	1,873	-	1,873
Other local revenues	36,344	11,630	47,974
Intergovernmental - state	16,795,302	332,428	17,127,730
Intergovernmental - federal	90,993	1,808,305	1,899,298
Total revenues	22,022,813	2,860,649	24,883,462
Expenditures:			
Current:			
Instruction:			
Regular	11,199,717	347,796	11,547,513
Special	2,910,484	1,104,944	4,015,428
Vocational	44,428	-	44,428
Other	180,818	-	180,818
Support services:			
Pupil	1,031,969	18,489	1,050,458
Instructional staff	745,237	7,713	752,950
Board of education	254,114	-	254,114
Administration	1,506,703	5,620	1,512,323
Fiscal	424,243	8,356	432,599
Business	17,464	-	17,464
Operations and maintenance	2,699,891	232,986	2,932,877
Pupil transportation	870,197	-	870,197
Central	62,389	-	62,389
Operation of non-instructional services:			
Food service operations	-	920,518	920,518
Other operation of non-instructional	-	72,692	72,692
Extracurricular activities	595,687	126,139	721,826
Debt service:			
Principal retirement	159,578	54,372	213,950
Interest and fiscal charges	21,814	26,000	47,814
Accretion on capital appreciation bonds	-	340,628	340,628
Total expenditures	22,724,733	3,266,253	25,990,986
(Deficiency) of revenues (under) expenditures	(701,920)	(405,604)	(1,107,524)
Other financing sources (uses):			
Sale/loss of assets	32,982	-	32,982
Transfers in	-	195,000	195,000
Transfers (out)	(195,000)	-	(195,000)
Total other financing sources (uses)	(162,018)	195,000	32,982
Net change in fund balances	(863,938)	(210,604)	(1,074,542)
Fund balances at beginning of year	5,220,284	1,192,001	6,412,285
Decrease in reserve for inventory	-	(12,124)	(12,124)
Fund balances at end of year	$ 4,356,346	$ 969,273	$ 5,325,619

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds		$ (1,074,542)
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.		
Capital asset additions	$ 613,518	
Current year depreciation	(940,952)	
Total		(327,434)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(708)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(12,124)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(102,339)	
Earnings on investments	173	
Intergovernmental	48,689	
Total		(53,477)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	75,759	
Accreted interest on capital appreciation bonds	340,628	
Lease purchase obligations	107,000	
Capital leases	31,191	
Total		554,578
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	222	
Accreted interest on capital appreciation bonds	(130,178)	
Amortization of bond premiums	6,551	
Total		(123,405)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,766,688
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		7,943,841
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		62,348
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as pension expense in the statement of activities.		894,775
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(65,150)
Change in net position of governmental activities		$ 9,565,390

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 3,745,605	$ 3,800,260	$ 3,828,686	$ 28,426
Tuition	1,241,879	1,260,000	1,189,991	(70,009)
Earnings on investments	24,640	25,000	85,322	60,322
Classroom materials and fees	59,137	60,000	92,931	32,931
Rental income	7,392	7,500	1,900	(5,600)
Contributions and donations	2,464	2,500	2,550	50
Contract services	-	-	1,873	1,873
Other local revenues	24,640	25,000	29,392	4,392
Intergovernmental - state	16,046,848	16,281,000	16,741,268	460,268
Intergovernmental - federal	58,644	59,500	87,659	28,159
Total revenues	21,211,249	21,520,760	22,061,572	540,812
Expenditures:				
Current:				
Instruction:				
Regular	11,285,204	11,168,204	11,303,487	(135,283)
Special	2,751,885	2,724,992	2,933,254	(208,262)
Vocational	91,642	90,217	51,695	38,522
Other	-	-	170,933	(170,933)
Support services:				
Pupil	963,166	952,121	1,029,460	(77,339)
Instructional staff	645,944	637,725	755,899	(118,174)
Board of education	112,578	125,951	248,943	(122,992)
Administration	1,454,332	1,433,825	1,498,505	(64,680)
Fiscal	417,606	411,918	421,975	(10,057)
Business	16,619	16,823	18,395	(1,572)
Operations and maintenance	2,299,174	4,742,064	2,755,908	1,986,156
Pupil transportation	818,145	815,405	886,945	(71,540)
Central	71,383	70,273	65,536	4,737
Extracurricular activities	411,118	410,726	543,320	(132,594)
Debt service:				
Principal	101,820	100,722	159,578	(58,856)
Interest and fiscal charges	23,321	22,971	21,814	1,157
Total expenditures	21,463,937	23,723,937	22,865,647	858,290
Excess (deficiency) of revenues over (under) expenditures	(252,688)	(2,203,177)	(804,075)	1,399,102
Other financing sources (uses):				
Refund of prior year's expenditures	2,000	2,000	74,778	72,778
Refund of prior year's receipts	-	-	(91)	(91)
Transfers (out)	-	-	(195,000)	(195,000)
Advances in	-	-	6,273	6,273
Advances (out)	(6,273)	(6,273)	-	6,273
Sale of capital assets	-	-	32,982	32,982
Total other financing sources (uses)	(4,273)	(4,273)	(81,058)	(76,785)
Net change in fund balance	(256,961)	(2,207,450)	(885,133)	1,322,317
Fund balance at beginning of year	6,155,895	6,155,895	6,155,895	-
Prior year encumbrances appropriated	321,149	321,149	321,149	-
Fund balance at end of year	$ 6,220,083	$ 4,269,594	$ 5,591,911	$ 1,322,317

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust	
	Scholarship	**Agency**
Assets:		
Current assets:		
Equity in pooled cash and investments.	$ 12,064	$ 46,292
Total assets.	12,064	$ 46,292
Liabilities:		
Accounts payable.	$ 1,000	$ 750
Due to students.	-	45,542
Total liabilities	1,000	$ 46,292
Net position:		
Held in trust for scholarships	11,064	
Total net position.	$ 11,064	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private Purpose Trust
	Scholarship
Deductions:	
Scholarships awarded	$ 1,750
Change in net position	(1,750)
Net position at beginning of year.	12,814
Net position at end of year	$ 11,064

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is located within the City of Uhrichsville and the Village of Dennison, Ohio. It operates under a locally-elected five-member Board and provides educational services as authorized and mandated by State and federal agencies. The Board controls the District's seven instructional support facilities staffed by 128 classified employees, 165 certified teaching personnel and 16 administrators, who provide services to approximately 2,027 students. The District operates one preschool, one primary school K-1st grade, one elementary school 2nd – 3rd grade, one intermediate school 4th - 5th grade, one middle school 6th - 8th grade, one high school 9th - 12th grade and one garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The following entities, which perform activities within the District's boundaries for the benefit of its residents, are excluded from the basic financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

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

City of Uhrichsville and the Village of Dennison
The City of Uhrichsville and the Village of Dennison are separate bodies politic and corporate. A mayor and council are elected independent of any District relationships, and administer the provision of traditional municipal services. Council acts as the taxing and budgeting authority for the City and for the Village.

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

JOINTLY GOVERNED ORGANIZATIONS

Buckeye Joint Vocational School District (JVSD)
The JVSD is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The JVSD's Board of Education is comprised of representatives from the Board of each participating school district. The JVSD's Board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The District's students may attend the JVSD. Each school district's control is limited to its representation on the JVSD's Board. During fiscal year 2018, no monies were paid to the JVSD by the District.

Ohio Mid-Eastern Regional Educational Services Agency (OME-RESA)
OME-RESA is a not-for-profit computer service organization whose primary function is to provide information technology services to its member school districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by the OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

The OME-RESA is one of 18 regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member school districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio school districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

The OME-RESA is owned and operated by 44 member school districts in 11 different Ohio counties. The member school districts are comprised of public school districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member has one vote in all matters and each member's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2018, the District paid $66,119 to OME-RESA for services.

The OME-RESA is located at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

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

Tuscarawas County Tax Incentive Review Council (TCTIRC)
The TCTIRC is a jointly governed organization, created as a regional council of governments pursuant to state statutes. TCTIRC has 56 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 12 members appointed by township trustees, 2 members from the County Auditor's office and 16 members appointed by school districts located within the County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this council. During fiscal year 2018, no monies were paid to the TCTIRC by the District. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

PUBLIC ENTITY RISK POOLS

Stark County Schools Council of Governments
The Stark County Schools Council of Governments Health Benefit Plan is a shared risk pool, with participants from Stark, Summit, Portage, Tuscarawas, Medina, and Wayne Counties. The consortium is governed by an assembly, which consists of one representative from each participating District (usually the superintendent or designee). The assembly elects officers for two-year terms to serve on the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street, Canton, Ohio 44709.

RELATED ORGANIZATION

Claymont Public Library
The Claymont Public Library is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax relief related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. During fiscal year 2018, no monies were paid to the Library by the District. Financial information can be obtained from the Claymont Public Library, 215 E. 3rd Street, Uhrichsville, Ohio 44683.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

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

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 14 and Note 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, interest 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.

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

These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Accrued interest not available is reported only on the governmental funds balance sheet and represents interest accrued on investments and not remitted to the District. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 14 and Note 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary 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.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

TAX BUDGET

On July 25, 2002, the Tuscarawas County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. In order to complete other necessary documents, the Budget Commission now requires certain information to be filed by March 14. Information required includes the general fund five year forecast submitted to the Department of Education, projected revenues and expenditures line items for all levy funds, projected revenues and debt requirements (principal and interest) and amortization schedules for the debt service fund, and balances and total anticipated activity for all other funds.

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

ESTIMATED RESOURCES

The Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during fiscal year 2018.

APPROPRIATIONS

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the fund level. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education. The District Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations at the function and object level in all funds without resolution by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board during fiscal year 2018.

The budget figures, which appear in the statement of budgetary comparisons, represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

LAPSING OF APPROPRIATIONS

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

F. Cash and Investments

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

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

During fiscal year 2018, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. government money market mutual funds, federal agency discount notes, negotiable certificates of deposit, and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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

For fiscal year 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 transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to $83,365, which includes $14,121 assigned from other District funds.

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

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

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements, in which an expenditure is recognized upon the purchase of inventory, and using the consumption method on the government-wide statements, in which inventories are expensed when used.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000 for its general capital assets. 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.

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

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

Description	Governmental Activities Estimated Lives
Land improvements	10 - 20 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." Long-term interfund loans that will not be repaid within the next fiscal year are classified as "loans to/from other funds" and are shown as nonspendable fund balances on the balance sheet because they are not spendable, available resources. These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

GASB Statement No. 16, "*Accounting for Compensated Absences*", specifies the method used to accrue liabilities for leave benefits. 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2018, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

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

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

L. Bond and Lease Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss

On both the government-wide financial statements and the fund financial statements, bond and lease issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 11.A.

M. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year’s appropriated budget.

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

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

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

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service and expenses for the District’s educational foundation fund (a nonmajor governmental fund).

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

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, fund balances are nonspendable on the fund financial statements by an amount equal to the carrying value of the assets.

P. Estimates

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

Q. Interfund Activity

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

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

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

S. Parochial and Private Schools

Within the District boundaries, the Immaculate Conception School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The fiduciary responsibility of the District for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2018.

U. Fair Market Value

The 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the District has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*", GASB Statement No. 81 "*Irrevocable Split-Interest Agreements*" GASB Statement No. 85, "*Omnibus 2017*" and GASB Statement No. 86, "*Certain Debt Extinguishments*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 15 to the basic financial statements, and added required supplementary information which is presented on pages 73 through 87.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 85 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 Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves 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 - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Governmental Activities
Net position as previously reported	$ (8,635,237)
Deferred outflows - payments subsequent to measurement date	46,615
Net OPEB liability	(7,070,017)
Restated net position at July 1, 2017	$ (15,658,639)

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2018 included the following individual fund deficits:

Nonmajor funds	Deficit
Management information systems	$ 1,785
Miscellaneous state grants	6,736
WIA	2,000
IDEA Part B	34,515
Title I	72,594
Improving Teacher Quality	7,283

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim deposits must be evidenced by time certificates of deposit or by savings or deposit accounts including passbook accounts.

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

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

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; and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio and STAR Ohio Plus); and

8. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At June 30, 2018, the District had $2,000 in undeposited cash on hand, which is included on the basic financial statements of the District as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all District deposits was $3,357,925. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2018, $316,022 of the District’s bank balance of $3,373,643 was exposed to custodial risk as discussed below, while $3,057,621 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the 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 (2) 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. For fiscal year 2018, the District’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2018, the District had the following investments and maturities:

		Investment Maturities				
Measurement/Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FHLMC	$ 187,436	$ -	$ 49,539	$ 137,897	$ -	$ -
FNMA	126,925	-	-	-	24,518	102,407
U.S. Treasury Bills	198,497	198,497	-	-	-	-
U.S. Govt Money Market	260,124	260,124	-	-	-	-
Negotiable CDs	365,143	365,143	-	-	-	-
Amortized cost:						
STAR Ohio	2,633,536	2,633,536	-	-	-	-
Total	$ 3,771,661	$ 3,457,300	$ 49,539	$ 137,897	$ 24,518	$ 102,407

The weighted average maturity of investments is 0.17 years.

The District's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

The District's investments in federal agency securities, negotiable certificates of deposit are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: STAR Ohio and the U.S. government money market carry ratings of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's federal agency securities were rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. The District's U.S. government discount notes were rated P-1 and A-1+ by Moody's Investor Services and Standard and Poor's, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirements of State statute.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2018:

Measurement/Investment type	Measurement Value	% of Total
Fair value:		
FLHMC	$ 187,436	4.97
FNMA	126,925	3.37
U.S. Treasury Bills	198,497	5.26
U.S. Govt Money Market	260,124	6.90
Negotiable CDs	365,143	9.68
Amortized cost:		
STAR Ohio	2,633,536	69.82
Total	$ 3,771,661	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2018:

Cash and investments per note	
Carrying amount of deposits	$ 3,357,925
Investments	3,771,661
Cash on hand	2,000
Total	$ 7,131,586

Cash and investments per statement of net position	
Governmental activities	$ 7,073,230
Private-purpose trust fund	12,064
Agency fund	46,292
Total	$ 7,131,586

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the fiscal year ended June 30, 2018, consisted of the following, as reported on the fund statements:

	Amount
Transfers from general fund to:	
Nonmajor governmental	$ 195,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

B. Interfund balances at June 30, 2018, as reported on the fund financial statements, consist of the following loans to/from other funds.

Receivable fund	Payable fund	Amount
General	Nonmajor governmental	$ 10,521

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. The long-term interfund balances of $10,521 are not expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2018 are reported on the statement of net position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 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. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the 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 as an advance at June 30, 2018 was $348,469 in the general fund, $32,422 in the bond retirement fund (a nonmajor governmental fund) and $5,656 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2017 was $497,411 in the general fund, $48,379 in the bond retirement fund (a nonmajor governmental fund) and $7,840 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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 inflows.

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 154,741,080	87.90	$ 154,524,190	83.28
Public utility personal	21,298,890	12.10	31,021,690	16.72
Total	$ 176,039,970	100.00	$ 185,545,880	100.00
Tax rate per $1,000 of assessed valuation	$ 30.00		$ 29.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018 consisted of property taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 4,529,083
Accrued interest	1,736
Intergovernmental	205,680
Total	$ 4,736,499

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

NOTE 8 - CAPITAL ASSETS

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

	Balance at 6/30/17	Additions	Deductions	Balance at 6/30/18
Capital assets, not being depreciated:				
Land	$ 318,293	$ -	$ -	$ 318,293
Construction in progress	-	128,000	-	128,000
Total capital assets, not being depreciated	318,293	128,000	-	446,293
Capital assets, being depreciated:				
Land improvements	590,139	32,367	-	622,506
Buildings and improvements	31,338,192	150,293	-	31,488,485
Furniture and equipment	4,404,725	224,826	(127,527)	4,502,024
Vehicles	1,426,644	78,032	-	1,504,676
Total capital assets, being depreciated	37,759,700	485,518	(127,527)	38,117,691
Less: accumulated depreciation				
Land improvements	(427,698)	(14,918)	-	(442,616)
Buildings and improvements	(15,854,184)	(736,771)	-	(16,590,955)
Furniture and equipment	(3,911,868)	(128,656)	126,819	(3,913,705)
Vehicles	(1,085,967)	(60,607)	-	(1,146,574)
Total accumulated depreciation	(21,279,717)	(940,952)	126,819	(22,093,850)
Governmental activities capital assets, net	$ 16,798,276	$ (327,434)	$ (708)	$ 16,470,134

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 638,015
Special	41,580
Vocational	17,239
Support services:	
Pupil	5,905
Instructional staff	19,784
Administration	8,906
Business	14,339
Operations and maintenance	82,142
Pupil transportation	61,448
Central	2,583
Extracurricular activities	32,376
Operation of non-instructional	964
Food service operations	15,671
Total depreciation expense	$ 940,952

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

During a prior fiscal year the District entered into capitalized leases for printer and copier equipment. These lease agreements meet the criteria of capital leases. A capital lease generally is 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 financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets consisting of printer and copier equipment have been capitalized in the amount of $201,604; this amount represents the present value of the minimum lease payments at the time of acquisition. The assets were fully depreciated at fiscal year end. A corresponding liability was recorded in the government-wide financial statements. Principal payments in fiscal year 2018 totaled $31,191 and were paid by the general fund. The capital lease was retired during fiscal year 2018.

NOTE 10 - LEASE-PURCHASE AGREEMENT

On June 15, 2016, the District entered into a lease-purchase obligation for the financing of the replacement of the Junior High roof and air conditioning unit, replacement of the Junior high handicapped lift, repairs of the Intermediate school's walls and columns, the High School parking lot replacement and for the Stadium electric service relocation. The lease payments will be recorded as expenditures in the general fund.

A liability in the amount of the present value of minimum lease payments has been recorded in the statement of net position. Capital assets have been capitalized in the amount of $883,013. This amount represents the costs of the replacements and improvements as June 30, 2018.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30,	Amount
2019	126,180
2020	126,024
2021	125,828
2022	125,593
2023	125,320
2024 - 2026	376,839
Total minimum lease payments	1,005,784
Less: amount representing interest	(74,784)
Total	$ 931,000

NOTE 11 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations activity during fiscal year 2018 consisted of the following. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

	Restated Balance Outstanding 6/30/17	Additions	Reductions	Balance Outstanding 6/30/18	Amounts Due in One Year
General obligation refunding bonds series, 2015	$ 1,745,466	$ 130,178	$ (395,000)	$ 1,480,644	$ 400,000
General obligation bonds series, 2015	88,387	-	(21,387)	67,000	21,853
Lease purchase obligation series, 2016	1,038,000	-	(107,000)	931,000	109,000
Capital lease obligation	31,191	-	(31,191)	-	-
Pollution remediation obligation	8,720	-	(8,720)	-	-
Net pension liability	34,987,102	-	(9,423,659)	25,563,443	-
Net OPEB liability	7,070,017	-	(1,391,641)	5,678,376	-
Compensated absences	1,386,516	255,171	(217,158)	1,424,529	144,977
Total governmental activities	$ 46,355,399	$ 385,349	$ (11,595,756)	35,144,992	$ 675,830
Add: unamortized premium				22,383	
Total on statement of net position				$ 35,167,375	

General obligation refunding bonds are direct obligations of the District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the District.

Compensated absences will be paid from the general fund, food service fund (a nonmajor governmental fund), the public school preschool fund (a nonmajor governmental fund), Title VI-B fund (a nonmajor governmental fund), Title I fund (a nonmajor governmental fund), and the improving teacher quality fund (a nonmajor governmental fund). See Note 12 for more information regarding compensated absences.

Capital lease obligations will be paid from the general fund. See Note 9 for more information pertaining to the District's capital lease obligations.

Lease purchase obligations will be paid from the general fund. See Note 10 for more information pertaining to the District's lease purchase obligations.

For the net pension liability the District pays obligations related to employee compensation from the fund benefitting from their service. See Note 14 for detail on the net pension liability.

For the net OPEB liability the District pays obligations related to employee compensation from the fund benefitting from their service. See Note 15 for detail on the net pension liability.

B. On July 6, 2005, the District issued Series 2006 general obligation refunding bonds to advance refund the Series 1997 current interest and capital appreciation bonds.

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

This issue was comprised of both current interest bonds, par value $4,330,000, and capital appreciation bonds, par value $204,588. The current interest bonds were refunded in fiscal year 2015. The interest rates on the current interest bonds range from 2.75% to 3.60% with a final stated maturity on December 1, 2021. The capital appreciation bonds mature on December 1, 2016 (effective interest 4.20%), December 1, 2017 (effective interest 4.30%), December 1, 2018 (effective interest 4.40%) and December 1, 2019 (effective interest 4.50%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for each capital appreciation bond is $1,585,000. A total of $594,228 in accreted interest on the capital appreciation bonds has been included in the statement of net position at June 30, 2018.

On March 3, 2015, the District issued Series 2015 general obligation refunding bonds to currently refund the Series 2006 current interest and capital appreciation bonds. The issuance proceeds of $1,195,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. At June 30, 2018, $800,000 of this debt was outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by $52,951. The refunding was undertaken to reduce total debt service payments by $60,535 and resulted in an economic gain of $54,892.

This issue is comprised of current interest bonds, par value $1,195,000. The interest rates on the current interest bonds range of 3.25% with a final stated maturity on December 1, 2021.

The following is a schedule of activity for fiscal year 2018 of the District's general obligation refunding bonds:

	Balance 6/30/17	Additions	Reductions	Balance 6/30/18
Current interest bonds 2015	$ 800,000	$ -	$ -	$ 800,000
Capital appreciation bonds 2006	140,788	-	(54,372)	86,416
Accreted interest on capital appreciation bonds 2006	804,678	130,178	(340,628)	594,228
Total general obligation refunding bonds	$ 1,745,466	$ 130,178	$ (395,000)	$ 1,480,644

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the 2006 series refunding bonds:

Fiscal Year	Current Interest Bonds			Capital Appreciation Bonds		
Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2019	-	26,000	26,000	46,924	353,076	400,000
2020	-	26,000	26,000	39,492	355,508	395,000
2021	390,000	19,663	409,663	-	-	-
2022	410,000	6,663	416,663	-	-	-
Total	$ 800,000	$ 78,326	$ 878,326	$ 86,416	$ 708,584	$ 795,000

C. In September 2015, the District issued $108,918 in limited tax general obligation bonds. The bonds were used to purchase a new phone system for the District. The interest rate for the bonds is 2.18% with a maturity of December 1, 2020. During fiscal year 2018, the District made principal payments and interest payments of $21,387 and $1,693 respectively on the bonds. The principal and interest payments will be recorded as expenditures in the general fund.

The following is a summary of the future debt service requirements to maturity for the 2015 series limited tax general obligation bonds:

Fiscal Year	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2019	21,853	1,222	23,075
2020	22,330	741	23,071
2021	22,817	249	23,066
Total	$ 67,000	$ 2,212	$ 69,212

D. The District was issued a notice of corrective action violation noting the violation of failure to submit a Tier 2 evaluation report by Bureau of Underground Storage Tank Regulations. The District is required to re-install one monitoring well and to collect a complete round of ground water samples from the re-installed and existing monitoring wells. A liability in the amount of $8,720 for the work to be completed is included as a liability in the general fund. The obligation was retired during fiscal year 2018.

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of $16,234,985 (including available funds of $489,272) and an unvoted debt margin of $76,628.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified, eleven and twelve-month administrative employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and other administrators do not earn vacation time. 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 260 days for all employees. Upon retirement, classified and certified employees receive one-fourth of their total sick leave accumulation, up to a maximum of 50 days. Compensated absences will be paid from the fund from which the employee is paid.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District contracted with Donald Kennedy, agent for Indiana Insurance Company, with coverages provided by The Netherlands Insurance Company and Mid American Fire & Casualty for property insurance, boiler and machinery, inland marine coverage, fleet insurance and general liability coverage. Coverages under these policies are as follows:

Building and Contents ($2,500 deductible)	$93,648,416
Blanket Computer Coverage ($500 deductible)	2,611,445
Audio/Visual Equipment Coverage ($500 deductible)	528,513
Musical Instruments ($500 deductible)	245,905
Computer Fraud Coverage ($500 deductible)	200,000
Automobile Liability ($100 deductible-comprehensive) ($500 deductible-collision)	1,000,000
School Leaders Errors and Omissions Liability ($2,500 deductible):	
Wrongful act	1,000,000
Aggregate limit	3,000,000
Sexual Misconduct and Molestation Liability:	
Each loss	1,000,000
Aggregate limit	3,000,000
General Liability:	
Per occurrence	1,000,000
Aggregate per year	3,000,000
Employee Benefits Liability ($1,000 deductible)	
Each loss	1,000,000
Aggregate limit	3,000,000
Employers Stop Gap Liability	
Each Accident	1,000,000
Aggregate limit	3,000,000
Law Enforcement Professional Liability ($2,500 deductible)	
Each wrongful act	1,000,000
Aggregate limit	3,000,000
Public Employee Dishonesty - Westfield co. (Romig Ins.)	2,500

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

NOTE 13 - RISK MANAGEMENT - (Continued)

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through Dearborn National Life Insurance.

C. Medical, Dental and Vision Insurance

The District participates in the Stark County Schools Council of Governments Health Benefit Plan, a risk sharing pool to provide medical/surgical benefits for employees. The Stark County Schools Council has selected Mutual Health Services to provide third party administrative services in claims processing. Employees may elect to choose from two Preferred Provider Organizations (PPO) with a co-insurance of 90% in-network and 80% non-network. The provider organizations are Aultcare and Medical Mutual. A preferred provider drug program is also included in the insurance program. The employee pays a 20% co-payment to the provider and the remaining 80% is directly billed to the insurance company. Caremark serves as the preferred provider for the drug program. During fiscal year 2018, the District paid $1,533.34 for certified and $1,598.34 for classified family plans or $623.83 for certified and $651.33 for classified individual coverage per month to the Stark County Educational Service Center who serves as the fiscal agent for the Health Benefits Plan. The premium is paid by the fund that pays the salary for the employee and is based on a rate determined by an actuary for the Health Benefits Plan.

The District also provides dental and vision benefits, which are administered by the Health Benefits Plan. Mutual Health Services serves as the third party administrator to provide claims processing services these plans. During fiscal year 2018, the monthly premium for dental coverage was $215.78 for family coverage and $87.47 for individual coverage. During fiscal year 2018, the premium for vision coverage was $45.83 for family coverage and $18.46 for individual coverage. The premiums for these coverages are also paid into the insurance pool.

D. Workers' Compensation

The District paid the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that the State calculates. The District utilizes CompManagement, Inc. as a third party administrator.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $392,787 for fiscal year 2018. Of this amount, $114,295 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website 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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

NOTE 14 - 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. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $1,373,901 for fiscal year 2018. Of this amount, $238,848 is reported as pension and postemployment benefits payable.

Net Pension Liability

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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.08629200%	0.08565504%	
Proportion of the net pension liability current measurement date	0.08507310%	0.08621481%	
Change in proportionate share	-0.00121890%	0.00055977%	
Proportionate share of the net pension liability	$ 5,082,930	$ 20,480,513	$ 25,563,443
Pension expense	$ (147,386)	$ (7,796,455)	$ (7,943,841)

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 218,751	$ 790,864	$ 1,009,615
Changes of assumptions	262,843	4,479,313	4,742,156
Difference between District contributions and proportionate share of contributions/ change in proportionate share	148,498	618,649	767,147
District contributions subsequent to the measurement date	392,787	1,373,901	1,766,688
Total deferred outflows of resources	$ 1,022,879	$ 7,262,727	$ 8,285,606

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 165,065	$ 165,065
Net difference between projected and actual earnings on pension plan investments	24,126	675,880	700,006
Difference between District contributions and proportionate share of contributions/ change in proportionate share	79,984	165,193	245,177
Total deferred inflows of resources	$ 104,110	$ 1,006,138	$ 1,110,248

$1,766,688 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 239,420	$ 1,033,243	$ 1,272,663
2020	342,815	1,952,677	2,295,492
2021	62,238	1,502,549	1,564,787
2022	(118,491)	394,219	275,728
Total	$ 525,982	$ 4,882,688	$ 5,408,670

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members was 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 average 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	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 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%)
District's proportionate share of the net pension liability	$ 7,053,786	$ 5,082,930	$ 3,431,936

Actuarial Assumptions - STRS Ohio

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:

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3 percent	3.5 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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

STRS Ohio's 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 Real 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 %	

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 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%)
District's proportionate share of the net pension liability	$ 29,358,118	$ 20,480,513	$ 13,002,461

NOTE 15 - 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 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.

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 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 Resourc

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was $47,800.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 District's contractually required contribution to SERS was $62,348 for fiscal year 2018. Of this amount, $50,197 is reported as pension and postemployment benefits 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.

Net OPEB Liability

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 District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.08732772%	0.08565504%	
Proportion of the net OPEB liability current measurement date	0.08624510%	0.08621481%	
Change in proportionate share	-0.00108262%	0.00055977%	
Proportionate share of the net OPEB liability	$ 2,314,592	$ 3,363,784	$ 5,678,376
OPEB expense	$ 127,392	$ (1,022,167)	$ (894,775)

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 194,178	$ 194,178
Difference between District contributions and proportionate share of contributions/ change in proportionate share	-	25,659	25,659
District contributions subsequent to the measurement date	62,348	-	62,348
Total deferred outflows of resources	$ 62,348	$ 219,837	$ 282,185

	SERS	STRS	Total
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	$ 6,112	$ 143,776	$ 149,888
Changes of assumptions	219,643	270,964	490,607
Difference between District contributions and proportionate share of contributions/ change in proportionate share	29,593	-	29,593
Total deferred inflows of resources	$ 255,348	$ 414,740	$ 670,088

$62,348 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ (91,831)	$ (44,465)	$ (136,296)
2020	(91,831)	(44,465)	(136,296)
2021	(70,158)	(44,465)	(114,623)
2022	(1,528)	(44,465)	(45,993)
2023	-	(8,521)	(8,521)
Thereafter	-	(8,522)	(8,522)
Total	$ (255,348)	$ (194,903)	$ (450,251)

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

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 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	$ 2,795,164	$ 2,314,592	$ 1,933,856

	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 %)
District's proportionate share of the net OPEB liability	$ 1,878,118	$ 2,314,592	$ 2,892,273

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.

NOTE 15 - 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 Real 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 geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the 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%)
District's proportionate share of the net OPEB liability	$ 4,515,826	$ 3,363,784	$ 2,453,294

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,337,013	$ 3,363,784	$ 4,715,135

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Investments are reported at fair value (GAAP) basis as opposed to cost (budget basis);

(e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING (Continued)

(f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General fund
Budget basis	$ (885,133)
Net adjustment for revenue accruals	(93,622)
Net adjustment for expenditure accruals	(48,775)
Net adjustment for other sources/uses	(80,960)
Funds budgeted elsewhere	(1,482)
Adjustment for encumbrances	246,034
GAAP basis	$ (863,938)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the uniform school supplies fund and the public school support fund.

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2017-2018 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2018 have been finalized. The impact of the FTE adjustments resulted in receivables to the District.

NOTE 18 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2017	$ -
Current year set-aside requirement	364,905
Current year qualifying expenditures	(644,468)
Current year offsets	-
Total	$ (279,563)
Balance carried forward to fiscal year 2019	$ -
Set-aside balance June 30, 2018	$ -

NOTE 19 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 55,504
Nonmajor governmental funds	156,547
Total	$ 212,051

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.08507310%	0.08629200%	0.08104840%	0.08310000%	0.08310000%
District's proportionate share of the net pension liability	$ 5,082,930	$ 6,315,778	$ 4,624,700	$ 4,205,644	$ 4,941,690
District's covered payroll	$ 2,874,300	$ 2,800,414	$ 2,439,977	$ 2,414,719	$ 2,317,854
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.84%	225.53%	189.54%	174.17%	213.20%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.08621481%	0.08565504%	0.08287296%	0.08438585%	0.08438585%
District's proportionate share of the net pension liability	$ 20,480,513	$ 28,671,324	$ 22,903,662	$ 20,525,559	$ 24,449,912
District's covered payroll	$ 9,680,921	$ 9,005,871	$ 8,785,979	$ 8,621,900	$ 8,960,054
District's proportionate share of the net pension liability as a percentage of its covered payroll	211.56%	318.36%	260.68%	238.06%	272.88%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 392,787	$ 402,402	$ 392,058	$ 321,589
Contributions in relation to the contractually required contribution	(392,787)	(402,402)	(392,058)	(321,589)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,909,533	$ 2,874,300	$ 2,800,414	$ 2,439,977
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 334,680	$ 320,791	$ 316,952	$ 292,893	$ 303,085	$ 211,662
(334,680)	(320,791)	(316,952)	(292,893)	(303,085)	(211,662)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,414,719	$ 2,317,854	$ 2,356,520	$ 2,330,095	$ 2,238,442	$ 2,151,037
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	**2017**	**2016**	**2015**
Contractually required contribution	$ 1,373,901	$ 1,355,329	$ 1,260,822	$ 1,230,037
Contributions in relation to the contractually required contribution	(1,373,901)	(1,355,329)	(1,260,822)	(1,230,037)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,813,579	$ 9,680,921	$ 9,005,871	$ 8,785,979
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 1,120,847	$ 1,164,807	$ 1,211,366	$ 1,179,120	$ 1,230,270	$ 1,190,935
(1,120,847)	(1,164,807)	(1,211,366)	(1,179,120)	(1,230,270)	(1,190,935)
$ -	$ -	$ -	$ -	$ -	$ -
$ 8,621,900	$ 8,960,054	$ 9,318,200	$ 9,070,154	$ 9,463,615	$ 9,161,038
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.08624510%	0.08732772%
District's proportionate share of the net OPEB liability	$ 2,314,592	$ 2,489,163
District's covered payroll	$ 2,874,300	$ 2,800,414
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	80.53%	88.89%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.08621481%	0.08565504%
District's proportionate share of the net OPEB liability	$ 3,363,784	$ 4,580,854
District's covered payroll	$ 9,680,921	$ 9,005,871
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.75%	50.87%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 62,348	$ 46,615	$ 42,409	$ 62,417
Contributions in relation to the contractually required contribution	(62,348)	(46,615)	(42,409)	(62,417)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,909,533	$ 2,874,300	$ 2,800,414	$ 2,439,977
Contributions as a percentage of covered payroll	2.14%	1.62%	1.51%	2.56%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	43,622	$	38,291	$	59,042	$	67,330	$	53,523	$	120,879
	(43,622)		(38,291)		(59,042)		(67,330)		(53,523)		(120,879)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,414,719	$	2,317,854	$	2,356,520	$	2,330,095	$	2,238,442	$	2,151,037
	1.81%		1.65%		2.51%		2.89%		2.39%		5.62%

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,813,579	$ 9,680,921	$ 9,005,871	$ 8,785,979
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 88,174	$ 89,601	$ 93,182	$ 90,702	$ 94,636	$ 91,610
(88,174)	(89,601)	(93,182)	(90,702)	(94,636)	(91,610)
$ -	$ -	$ -	$ -	$ -	$ -
$ 8,621,900	$ 8,960,054	$ 9,318,200	$ 9,070,154	$ 9,463,615	$ 9,161,038
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) 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 (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) increase in the Municipal Bond Index Rate from 2.92% to 3.56%, (i) increase in the Single Equivalent Interest Rate, net of plan investment expense, including price inflation from 2.98% to 3.63%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

This page intentionally left blank.

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	$53,418
Cash Assistance:			
School Breakfast Program	10.553	N/A	139,551
National School Lunch Program	10.555	N/A	461,876
Cash Assistance Subtotal			601,427
Total Child Nutrition Cluster			654,845
Total U.S. Department of Agriculture			654,845
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A160035	76,050
		S010A170035	569,540
		S010A170035	3,343
Total Title I Grants to Local Educational Agencies			648,933
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A160111	70,313
		H027A170111	408,935
Total Special Education - Grants to States (IDEA, Part B)			479,248
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A160119	6,273
		H173A170119	7,348
Total Special Education - Preschool Grants (IDEA Preschool)			13,621
Total Special Education Cluster			492,869
Title VI-B Rural and Low-Income	84.358	S358B170035	19,855
Title IV-A Student Support and Academic Enrichment	84.424	424A170036	12,183
Title II-A Improving Teacher Quality	84.367	S367A160034	17,559
		S367A170034	98,299
Total Title II-A Improving Teacher Quality			115,858
Total U.S. Department of Education			1,289,698
Total Expenditures of Federal Awards			**$1,944,543**

The accompanying notes are an integral part of this Schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE E – FOOD DONATION PROGRAM

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

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

Claymont City School District
Tuscarawas County
201 North Third Street
Dennison, Ohio 44621

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 20, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 20, 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

Claymont City School District
Tuscarawas County
201 North Third Street
Dennison, Ohio 44621

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Claymont City School District's, Tuscarawas County, Ohio (the 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 District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal program.

Management's Responsibility

The 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 District's compliance for the 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 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 District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The 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 District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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

Keith Faber
Auditor of State
Columbus, Ohio

March 20, 2019

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster, CFDA #10.553 and #10.555
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

FINDING NUMBER 2018-001

Significant Deficiency

Sound accounting practices require accurately posting estimated receipts to the financial statements to provide information for budget versus actual comparison for the District's General Fund to allow the Board or other financial statement users to make informed decisions regarding budgetary matters.

2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-001 (Continued)

Significant Deficiency (Continued)

While estimated receipts were accurately reflected in the accounting system, the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund did not include the correct final budgeted receipt amounts due to the financial statement compiler using the 1st Amended Certificate of Estimated Resources for fiscal year 2019 and not the final certificate for fiscal year 2018. This statement reflected an amount that was overstated by $1,065,240, which resulted in audit adjustments, which were agreed to by District management and are reflected in the accompanying budgetary financial statement.

The District did not have procedures in place to ensure the financial statements prepared by the compiler of those statements reflected the correct amounts in the budgetary financial statements.

Reporting incorrect budgetary amounts to the financial statements could result in inaccurate variances that are misleading to financial statement users.

The District should ensure the amounts reported on the budgetary statement are correct and agree to the proper budgetary documents.

Officials' Response: See Corrective Action Plan on page 98.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CLAYMONT CITY SCHOOLS

201 N. Third St. Dennison, OH 44621 (740) 922-5478
Fax (740) 922-7325

www.claymontschools.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Athletic receipts not deposited with the Treasurer or designated depository in accordance with District Policy and the Ohio Revised Code.	Corrective action take and finding is fully corrected	
2017-002	Free, reduced, and paid lunches on the monthly claim for reimbursements not accurately completed.	Corrective action take and finding is fully corrected	
2017-003	Free and reduced meal applications not maintained.	Corrective action take and finding is fully corrected	

C L A Y M O N T C I T Y S C H O O L S
201 N. Third St. Dennison, OH 44621 (740) 922-5478
Fax (740) 922-7325

ADMINISTRATION
Scott Golec, Superintendent
Kim Beckley, Treasurer
Jodie Miles, Curriculum Director
Holly Hall, Director of Special Services
Beth Lint, Director of Operations
Nino Pangrazio, School Psychologist

BOARD OF EDUCATION
Austin Beckley, President
James Shamel, Vice-President
Michelle Sproul
Collin Fawcett
Sky Abbuhl

www.claymontschools.org

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The District will ensure the GAAP compiler has the correct budgetary documents.	June 30, 2019	Kim Beckley, Treasurer

OHIO AUDITOR OF STATE
KEITH FABER

CLAYMONT CITY SCHOOL DISTRICT

TUSCARAWAS 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

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370
www.ohioauditor.gov