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Minerva Local School District
Stark County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

CPAs and business consultants
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Dave Yost • Auditor of State

Board of Education
Minerva Local School District
406 East Street
Minerva, Ohio 44657

We have reviewed the *Independent Auditor's Report* of Minerva Local School District, Stark County, prepared by Rea & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

February 9, 2018

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Stark County, Ohio
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December 28, 2017

To the Board of Education
Minerva Local School District
Stark County, Ohio
406 East Street
Minerva, OH 44657

Independent Auditor's Report

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the School District's Proportionate Share of the Net Pension Liability, and Schedule of School District Contributions on pages 5–13, 57, and 58–59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position increased $1,458,639, which represents a 14 percent increase from 2016.
- Capital assets decreased $804,476 during fiscal year 2017.
- During the fiscal year, outstanding bonds decreased from $10,360,971 to $9,738,757 due to principal payments made by the School District.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and bond retirement fund.

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

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 21 and 22. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

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

Table 1
Net Position

	Governmental Activities	
	2017	2016
Assets		
Current and Other Assets	$ 18,690,451	$ 15,810,309
Capital Assets	33,924,501	34,728,977
Total Assets	52,614,952	50,539,286
Deferred Outflows of Resources		
Pension	5,414,300	2,110,055
Liabilities		
Current and Other Liabilities	1,453,259	1,482,018
Long-Term Liabilities:		
Due Within One Year	990,042	997,018
Due in More Than One Year		
Net Pension Liability	27,140,496	21,345,441
Other Amounts	10,330,963	10,858,999
Total Liabilities	39,914,760	34,683,476
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year	6,210,131	5,936,363
Pension	367,370	1,951,150
Total Deferred Inflows of Resources	6,577,501	7,887,513
Net Position		
Net Investment in Capital Assets	23,823,520	24,252,064
Restricted	1,802,249	1,739,273
Unrestricted	(14,088,778)	(15,912,985)
Total Net Position	$ 11,536,991	$ 10,078,352

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

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

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

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

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

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

At year end, capital assets represented 65 percent of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets was $23,823,520 at June 30, 2017. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, $1,802,249, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit of $14,088,778, which was primarily caused by GASB Statement No. 68.

Current and other assets increased due to increased cash balances as revenues exceeded expenses during fiscal year 2017. The decrease in capital assets is due to current year depreciation and disposals exceeding current year additions.

The increases in deferred outflows of resources for pension and long term liabilities for pension and the decrease in deferred inflows of resources for pension were primarily caused by changes related to GASB 68 during 2017.

Table 2 shows the changes in net position for fiscal year 2017 and 2016.

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program Revenues:		
Charges for Services	$ 1,967,501	$ 1,683,661
Operating Grants	3,009,933	3,173,193
Capital Grants	0	17,004
Total Program Revenues	4,977,434	4,873,858
General Revenues:		
Property Taxes	6,523,045	6,141,573
Grants and Entitlements Not Restricted	11,364,792	11,123,953
Other	106,391	83,698
Total General Revenues	17,994,228	17,349,224
Total Revenues	22,971,662	22,223,082
Program Expenses		
Instruction:		
Regular	9,781,334	8,928,702
Special	3,945,048	3,218,124
Vocational	1,941	11,546
Adult/Continuing	5,765	503
Support Services:		
Pupils	833,297	975,170
Instructional Staff	190,193	230,036
Board of Education	90,274	98,876
Administration	1,360,270	1,152,974
Fiscal	545,424	517,605
Business	239,806	245,168
Operation and Maintenance of Plant	1,450,248	1,380,365
Pupil Transportation	950,067	878,080
Central	230,483	12,527
Operation of Non-Instructional Services:		
Food Service Operations	790,213	772,884
Community Services	48,872	38,154
Extracurricular Activities	742,821	665,464
Debt Service:		
Interest and Fiscal Charges	306,967	494,439
Issuance Costs	0	168,628
Total Expenses	21,513,023	19,789,245
Increase in Net Position	1,458,639	2,433,837
Net Position at Beginning of Year	10,078,352	7,644,515
Net Position at End of Year	$ 11,536,991	$ 10,078,352

Charges for services increased due to an increase in open enrollment and tuition received from other school districts. The increase in special instruction was primarily caused by an increase in purchased services from Stark County ESC. Regular instruction increased primarily due to pension expense as a result of GASB 68.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2017	2016	2017	2016
Instruction:				
Regular	$ 9,781,334	$ 8,928,702	$ 8,425,230	$ 7,428,827
Special	3,945,048	3,218,124	1,698,500	1,206,691
Vocational	1,941	11,546	(15,219)	9,546
Adult/Continuing	5,765	503	5,765	503
Support Services:				
Pupils	833,297	975,170	833,297	975,055
Instructional Staff	190,193	230,036	183,293	223,917
Board of Education	90,274	98,876	90,274	98,876
Administration	1,360,270	1,152,974	1,261,409	1,083,055
Fiscal	545,424	517,605	545,424	517,605
Business	239,806	245,168	239,806	245,168
Operation and Maintenance of Plant	1,450,248	1,380,365	1,352,152	1,274,117
Pupil Transportation	950,067	878,080	930,976	857,464
Central	230,483	12,527	230,483	12,527
Operation of Non-Instructional Services:				
Food Service Operations	790,213	772,884	(55,029)	(99,725)
Community Services	48,872	38,154	14,898	(11,678)
Extracurricular Activities	742,821	665,464	487,363	430,372
Debt Service:				
Interest and Fiscal Charges	306,967	494,439	306,967	494,439
Issuance Costs	0	168,628	0	168,628
Total Expenses	$ 21,513,023	$ 19,789,245	$ 16,535,589	$ 14,915,387

The dependence upon general revenues for governmental activities is apparent. Approximately 77 percent of governmental activities are supported through taxes and other general revenues; such revenues are 78 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. The net change in fund balances for the fiscal year was an increase of $2,654,879 for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2017 was an increase of $2,451,752, as revenues outpaced expenditures in fiscal year 2017.

The fund balance of the bond retirement fund increased by $22,213.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was $2,885 lower than the actual. The original budget basis revenue of $18,979,000 was $400,000 lower than the final budget basis revenue of $19,379,000 due to increases in anticipated property tax and tuition and fees revenues.

Final appropriations of $18,172,074 were $449,736 higher than the $17,722,338 in the original budget. The majority of this difference can be seen in the area of regular instruction.

Final appropriations were $1,119,972 higher than the actual expenditures of $17,052,102 as cost savings were recognized in regular and special instruction.

There were no significant variances to discuss within other financing sources and uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had $33,924,501 invested in capital assets. Table 4 shows fiscal year 2017 balances compared with 2016.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 127,797	$ 127,797
Construction in Progress	0	566,732
Buildings and Improvements	32,433,289	32,630,139
Furniture and Equipment	827,819	905,160
Vehicles	535,596	499,149
Totals	$ 33,924,501	$ 34,728,977

The $804,476 decrease in capital assets was attributable to depreciation and disposals exceeding current year purchases. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2017, the School District had $9,738,757 in debt outstanding. See Note 9 for additional details. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2017	2016
General Obligation Bonds:		
Various Serial and Term Bonds	$ 6,670,000	$ 6,815,000
Various Capital Appreciation Bonds	3,003,551	3,028,026
Accretion on Capital Appreciation Bonds	65,206	517,945
Total	$ 9,738,757	$ 10,360,971

Current Issues

The School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home was reappraised and increased in value to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay $35.00 in taxes.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 28 percent of revenues for governmental activities for the School District in fiscal year 2017. The recent passage of the Ohio House Bill 59 and the changes to the rollback provision and homestead exemption eligibility will make passage of new and replacement levies much more difficult.

The School District has also been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses while still striving to continue academic success. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased bus fuel costs and significant increases in health insurance costs.

We have received a cut in our Federal Title I and II A programs which amounts to approximately $81,000 for fiscal year 2018 alone. This will put increased pressure as expenses usually covered by these funds will now need to be expended through our general fund.

The new College Credit Plus program is mandated by the state legislature but not directly funded by them. This program is beneficial to our high school students but will put added pressure on our general fund. The charges for this program have averaged approximately $45,000 the last two fiscal years and we anticipate an increase in the participation rates in the coming years.

The financial condition of the School District has improved drastically in the last five years due to many factors. Many cost saving measures have been implemented during this period. The cooperation of all employees to agree to a wage freeze in 2013 and 2014 has taken us from the brink of fiscal caution to a solid financial position. This has been accomplished while still showing good achievement in a rural, high-poverty district.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Larry Pottorf, Treasurer of Minerva Local School District, 406 East Street, Minerva, Ohio 44657 or pottorl@minerva.sparcc.org.

Minerva Local School District
Stark County, Ohio
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$ 11,410,530
Materials and Supplies Inventory	56,947
Receivables:	
Accounts	31,525
Intergovernmental	211,746
Property Taxes	6,952,657
Prepaid Items	27,046
Nondepreciable Capital Assets	127,797
Depreciable Capital Assets (Net)	33,796,704
Total Assets	52,614,952
Deferred Outflows of Resources	
Pension	5,414,300
Total Deferred Outflows of Resources	5,414,300
Liabilities	
Accounts Payable	32,504
Accrued Wages and Benefits	1,087,853
Intergovernmental Payable	307,062
Matured Compensated Absences Payable	6,039
Accrued Interest Payable	19,801
Long-Term Liabilities:	
Due Within One Year	990,042
Due In More Than One Year:	
Net Pension Liability	27,140,496
Other Amonts Due in More Than One Year	10,330,963
Total Liabilities	39,914,760
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	6,210,131
Pension	367,370
Total Deferred Inflows of Resources	6,577,501
Net Position	
Net Investment in Capital Assets	23,823,520
Restricted For:	
Capital Outlay	1,223
Debt Service	739,456
Other Purposes	1,061,570
Unrestricted	(14,088,778)
Total Net Position	$ 11,536,991

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2017

		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	$ 9,781,334	$ 1,277,330	$ 78,774	$ (8,425,230)
Special	3,945,048	141,415	2,105,133	(1,698,500)
Vocational	1,941	0	17,160	15,219
Adult/Continuing	5,765	0	0	(5,765)
Support Services:				
Pupils	833,297	0	0	(833,297)
Instructional Staff	190,193	0	6,900	(183,293)
Board of Education	90,274	0	0	(90,274)
Administration	1,360,270	98,539	322	(1,261,409)
Fiscal	545,424	0	0	(545,424)
Business	239,806	0	0	(239,806)
Operation and Maintenance of Plant	1,450,248	39,138	58,958	(1,352,152)
Pupil Transportation	950,067	3,382	15,709	(930,976)
Central	230,483	0	0	(230,483)
Operation of Non-Instructional Services:				
Food Service Operations	790,213	218,969	626,273	55,029
Community Services	48,872	0	33,974	(14,898)
Extracurricular Activities	742,821	188,728	66,730	(487,363)
Debt Service:				
Interest and Fiscal Charges	306,967	0	0	(306,967)
Total	$ 21,513,023	$ 1,967,501	$ 3,009,933	(16,535,589)

General Revenues	
Property Taxes Levied for:	
General Purposes	5,621,268
Debt Service	810,451
Classroom Facilities Maintenance	91,326
Grants and Entitlements Not Restricted to Specific Programs	11,364,792
Investment Earnings	36,696
Miscellaneous	69,695
Total General Revenues	17,994,228
Change in Net Position	1,458,639
Net Position Beginning of Year	10,078,352
Net Position End of Year	$ 11,536,991

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Balance Sheet
Governmental Funds
June 30, 2017

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 9,602,054	$ 662,593	$ 1,145,883	$ 11,410,530
Materials and Supplies Inventory	56,947	0	0	56,947
Receivables:				
Accounts	25,457	0	6,068	31,525
Interfund	30,631	0	0	30,631
Intergovernmental	175,169	0	36,577	211,746
Property Taxes	5,933,324	921,767	97,566	6,952,657
Prepaid Items	24,554	0	2,492	27,046
Advances to Other Funds	40,000	0	0	40,000
Due From Other Funds	14,142	0	0	14,142
Total Assets	$ 15,902,278	$ 1,584,360	$ 1,288,586	$ 18,775,224
Liabilities				
Accounts Payable	$ 24,245	$ 0	$ 8,259	$ 32,504
Accrued Wages and Benefits	1,057,525	0	30,328	1,087,853
Intergovernmental Payable	300,006	0	7,056	307,062
Matured Compensated Absences Payable	6,039	0	0	6,039
Interfund Payable	0	0	30,631	30,631
Advances from Other Funds	0	0	40,000	40,000
Due to Other Funds	0	0	14,142	14,142
Total Liabilities	1,387,815	0	130,416	1,518,231
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	5,296,917	826,216	86,998	6,210,131
Unavailable Revenue	460,137	56,183	6,268	522,588
Total Deferred Inflows of Resources	5,757,054	882,399	93,266	6,732,719
Fund Balances				
Nonspendable	136,376	0	2,492	138,868
Restricted	0	701,961	1,067,465	1,769,426
Committed	0	0	1,223	1,223
Assigned	48,613	0	0	48,613
Unassigned	8,572,420	0	(6,276)	8,566,144
Total Fund Balances	8,757,409	701,961	1,064,904	10,524,274
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,902,278	$ 1,584,360	$ 1,288,586	$ 18,775,224

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2017

Total Governmental Fund Balances		$ 10,524,274
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		33,924,501
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Excess Costs	$ 82,872	
Property Taxes	439,716	522,588
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(19,801)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	5,414,300	
Deferred Inflows - Pension	(367,370)	
Net Pension Liability	(27,140,496)	(22,093,566)
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	(6,670,000)	
Capital Appreciation Bonds	(3,003,551)	
Bond Premium	(317,411)	
Accretion of Interest - Capital Appreciation Bonds	(65,206)	
Capital Lease Obligation	(110,019)	
Compensated Absences	(1,154,818)	(11,321,005)
Net Position of Governmental Activities		$ 11,536,991

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	$ 5,611,770	$ 807,298	$ 91,105	$ 6,510,173
Intergovernmental	12,389,798	184,542	1,761,402	14,335,742
Investment Income	36,697	0	176	36,873
Tuition and Fees	1,332,734	0	0	1,332,734
Extracurricular Activities	151,465	0	186,710	338,175
Rentals	37,994	0	0	37,994
Charges for Services	39,629	0	218,969	258,598
Contributions and Donations	4,669	0	67,383	72,052
Miscellaneous	63,786	0	5,909	69,695
Total Revenues	19,668,542	991,840	2,331,654	22,992,036
Expenditures				
Current:				
Instruction:				
Regular	8,006,862	0	191,203	8,198,065
Special	2,983,607	0	790,900	3,774,507
Vocational	1,941	0	0	1,941
Adult Education	5,408	0	0	5,408
Support Services:				
Pupils	758,316	0	0	758,316
Instructional Staff	171,898	0	6,900	178,798
Board of Education	90,274	0	0	90,274
Administration	1,247,851	0	1,839	1,249,690
Fiscal	479,494	18,927	8,972	507,393
Business	239,806	0	0	239,806
Operation and Maintenance of Plant	1,209,213	0	40,401	1,249,614
Pupil Transportation	945,340	0	0	945,340
Central	235,385	0	0	235,385
Extracurricular Activities	398,269	0	203,588	601,857
Operation of Non-Instructional Services:				
Food Service Operations	0	0	737,584	737,584
Community Services	1,323	0	47,194	48,517
Capital Outlay	436,794	0	58,091	494,885
Debt Service:				
Principal Retirement	0	169,475	69,507	238,982
Interest and Fiscal Charges	0	781,225	4,502	785,727
Total Expenditures	17,211,781	969,627	2,160,681	20,342,089
Excess of Revenues Over (Under) Expenditures	2,456,761	22,213	170,973	2,649,947
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	4,932	0	0	4,932
Transfers In	0	0	9,941	9,941
Transfers Out	(9,941)	0	0	(9,941)
Total Other Financing Sources (Uses)	(5,009)	0	9,941	4,932
Net Change in Fund Balance	2,451,752	22,213	180,914	2,654,879
Fund Balances Beginning of Year	6,305,657	679,748	883,990	7,869,395
Fund Balances End of Year	$ 8,757,409	$ 701,961	$ 1,064,904	$ 10,524,274

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 2,654,879
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	$ 605,157	
Current Year Depreciation	(1,401,657)	(796,500)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(7,976)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	12,872	
Excess Costs	74,436	
Intergovernmental	(107,682)	(20,374)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	145,000	
Capital Appreciation Bonds	24,475	
Accreted Interest on Capital Appreciation Bonds	555,525	
Capital Leases	69,507	794,507
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,261,226
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,168,256)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	628	
Amortization of Premium on Bonds	25,393	26,021
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		(182,102)
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		(102,786)
Change in Net Position of Governmental Activities		$ 1,458,639

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues				
Property and Other Local Taxes	$ 5,300,000	$ 5,560,000	$ 5,546,654	$ (13,346)
Intergovernmental	12,364,000	12,364,000	12,293,448	(70,552)
Investment Income	20,000	20,000	81,145	61,145
Tuition and Fees	1,170,000	1,310,000	1,332,734	22,734
Rentals	40,000	40,000	37,803	(2,197)
Charges for Services	40,000	40,000	40,000	0
Contributions and Donations	0	0	3,500	3,500
Miscellaneous	45,000	45,000	46,601	1,601
Total Revenues	18,979,000	19,379,000	19,381,885	2,885
Expenditures				
Current:				
Instruction:				
Regular	8,211,113	8,419,485	7,900,579	518,906
Special	3,042,798	3,120,014	2,927,723	192,291
Vocational	2,017	2,068	1,941	127
Adult//Continuing	4,850	4,974	4,667	307
Support Services:				
Pupils	793,385	813,518	763,380	50,138
Instructional Staff	178,990	183,532	172,221	11,311
Board of Education	92,773	95,127	89,264	5,863
Administration	1,187,929	1,218,075	1,143,003	75,072
Fiscal	500,390	513,088	481,466	31,622
Business	249,232	255,556	239,806	15,750
Operation and Maintenance of Plant	1,257,273	1,289,179	1,209,725	79,454
Pupil Transportation	972,140	996,810	935,375	61,435
Central	245,109	251,329	235,839	15,490
Extracurricular Activities	412,658	423,130	397,052	26,078
Operation of Non-Instructional Services:				
Community Services	1,375	1,410	1,323	87
Capital Outlay	570,306	584,779	548,738	36,041
Total Expenditures	17,722,338	18,172,074	17,052,102	1,119,972
Excess of Revenues Over (Under) Expenditures	1,256,662	1,206,926	2,329,783	1,122,857
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	4,932	4,932
Advances In	50,000	50,000	50,000	0
Transfers Out	(10,332)	(10,594)	(9,941)	653
Total Other Financing Sources (Uses)	39,668	39,406	44,991	5,585
Net Change in Fund Balance	1,296,330	1,246,332	2,374,774	1,128,442
Fund Balance Beginning of Year	6,582,363	6,582,363	6,582,363	0
Prior Year Encumbrances Appropriated	622,670	622,670	622,670	0
Fund Balance End of Year	$ 8,501,363	$ 8,451,365	$ 9,579,807	$ 1,128,442

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 187,802	$ 69,380
Liabilities		
Due to Students	0	69,380
Total Liabilities	0	$ 69,380
Net Position		
Held in Trust for Scholarships	$ 187,802	

See the accompanying notes to the basic financial statements.

Minerva Local School District
Stark County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
Additions	
Gifts and Contributions	$ 38,602
Deductions	
Payments in Accordance with Trust Agreements	8,499
Change in Net Position	30,103
Net Position Beginning of Year	157,699
Net Position End of Year	$ 187,802

See the accompanying notes to the basic financial statements.

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Minerva Local School District (the "School District") was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District.

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

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

The School District is involved with Stark Portage Area Computer Consortium (SPARCC) and Stark County Joint Vocational School, which are defined as jointly governed organizations. The School District is also involved with the Stark County Schools Council of Governments Health Benefits Program and the Stark County Schools Council of Governments Workers' Compensation Group Rating Plan, which are defined as public entity risk pools. Additional information concerning these organizations is presented in Notes 17 and 18.

Management believes the basic financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School 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 entity for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described on the next page.

A. Basis of Presentation

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

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Fund Accounting

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

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

> ***General Fund*** The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** The bond retirement debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the construction of buildings within the School District.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Cash and Investments

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

During fiscal year 2017, investments included a repurchase agreement, commercial paper, federal national mortgage association, federal home loan bank, federal home loan mortgage corporation, negotiable certificates of deposit and a First American Government Obligation Fund.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2017 amounted to $36,697 with $7,105 being assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Inventory

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

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $2,000. The School District does not possess any infrastructure.

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

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

Description	Estimated Lives
Buildings and Improvements	20 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 20 Years

H. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are reported as "due to/due from other funds." These amounts are eliminated in the governmental columns of the Statement of Net Position.

Long-term interfund loans (advances) are classified as "advances from other funds" and "advances to other funds." These amounts are eliminated in the governmental column of the Statement of Net Position.

I. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences.* Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's amount of accumulated sick leave that will be paid as a termination benefit.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Pensions

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

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. 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 their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2017, none of the School District's net position was restricted by enabling legislation.

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

M. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. 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 School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

N. 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 financial statements.

O. 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 2017.

P. Estimates

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

Q. Budgetary Data

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

The Certificate of Estimated Resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts in the budgetary statements reflect the final appropriations passed by the Board during the fiscal year.

R. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.*

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the School District's financial statements as the School District does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 3: FUND DEFICITS

Fund balances at June 30, 2017 included a deficit in the District Managed Student Activity fund in the amount of $6,276.

This deficit in the non-major fund resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than as assigned or committed fund balance (GAAP).

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

GAAP Basis	$	2,451,752
Net Adjustment for Revenue Accruals		(84,023)
Net Adjustment for Expenditure Accruals		19,535
Funds Budgeted Elsewhere		3,843
Adjustment for Encumbrances		(16,333)
Budget Basis	$	2,374,774

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, certain funds that are legally budgeted in separate special revenue funds is considered part of the general fund on a GAAP basis. This includes public school support, unclaimed funds and uniform school supplies funds.

NOTE 5: DEPOSITS AND INVESTMENTS

State statues classify monies held by the School District into three categories.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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 any other obligations of the State of Ohio;

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

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any amount not to exceed 40 percent of the interim monies available for investment at any one time; and

8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2017, the School District and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District's deposits was $122,973. Based on the criteria described in GASB Statement No. 40, ***Deposits and Investment Risk Disclosures***, as of June 30, 2017, $725 of the School District's bank balance of $250,725 was exposed to custodial risk as discussed above, while $250,000 was covered by Federal Deposit Insurance Corporation. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by FDIC.

Investments

The following table includes investment, maturity and percentage total of each investment type held by the School District at June 30, 2017:

S & P Global Rating	Investment Type	Measurement Amount	Investment Maturities: 12 Months or Less	12 to 36 Months	More Than 36 Months	Percent of Total
Aaa	Repurchase Agreement	$ 5,528,541	$ 5,528,541	$ 0	$ 0	47.89%
BBB	Dexia Credit Local Commercial Paper	298,035	298,035	0	0	2.58%
A+	Bank of Tokyo Mitsubis Commercial Paper	298,437	298,437	0	0	2.59%
A	Natixis NY Commercial Paper	298,359	298,359	0	0	2.58%
AA+	Federal National Mortgage Association	2,671,832	0	1,683,282	988,550	23.14%
AA+	Federal Home Loan Bank	494,440	0	0	494,440	4.28%
AA+	Federal Home Loan Mortgage Corporation	817,779	0	0	817,779	7.08%
N/A	Negotiable Certificates of Deposit	1,022,428	526,413	496,015	0	8.86%
AAAm	First American Government Obligation Fund	114,888	114,888	0	0	1.00%
	Total	$ 11,544,739	$ 7,064,673	$ 2,179,297	$ 2,300,769	100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, the repurchase agreement is reported at cost. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2 percent. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The School District places no limit on the amount that may be invested in any one issuer.

NOTE 6: RECEIVABLES

Receivables at June 30, 2017 consisted of property taxes, accounts (billings for user charged services, and student fees), interfund, and intergovernmental. 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 fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

NOTE 7: PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Columbiana, Carroll and Stark Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 in the general, bond retirement and classroom facilities maintenance funds was $259,143, $39,368, and $4,300, respectively. The amount available as an advance at June 30, 2016 was $194,026 in the general fund, $27,996 in the bond retirement fund, and $3,193 in the classroom facilities maintenance fund (a non-major governmental fund). The amount of second-half real property taxes available for advance can vary based on the date the tax bills are sent.

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

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 of resources.

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

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 197,695,970	93%	$ 200,788,210	90%
Public Utility Personal Property	14,078,240	7%	22,745,090	10%
Total Assessed Value	$ 211,774,210	100%	$ 223,533,300	100%
Tax Rate per $1,000 of Assessed Value:				
Columbiana County	$ 44.00		$ 43.70	
Carroll County	$ 43.50		$ 43.20	
Stark County	$ 44.00		$ 44.80	

NOTE 8: CAPITAL ASSETS

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

	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 127,797	$ 0	$ 0	$ 127,797
Construction in Progress	566,732	422,181	(988,913)	0
Total Capital Assets, not being depreciated	694,529	422,181	(988,913)	127,797
Capital Assets, being depreciated:				
Buildings and Improvements	45,547,168	1,028,610	0	46,575,778
Furniture and Equipment	2,292,855	60,908	(180,304)	2,173,459
Vehicles	1,501,934	82,371	(47,642)	1,536,663
Total Capital Assets, being depreciated	49,341,957	1,171,889	(227,946)	50,285,900
Less: Accumulated Depreciation				
Buildings and Improvements	(12,917,029)	(1,225,460)	0	(14,142,489)
Furniture and Equipment	(1,387,695)	(135,037)	177,092	(1,345,640)
Vehicles	(1,002,785)	(41,160)	42,878	(1,001,067)
Total Accumulated Depreciation	(15,307,509)	(1,401,657)	219,970	(16,489,196)
Total Capital Assets being depreciated, net	34,034,448	(229,768)	(7,976)	33,796,704
Governmental Activities Capital Assets, Net	$ 34,728,977	$ 192,413	$ (996,889)	$ 33,924,501

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,007,513
Vocational	558
Support Services:	
Pupils	21,068
Instructional Staff	4,644
Administration	19,083
Fiscal	216
Operation and Maintenance of Plant	122,025
Pupil Transportation	42,412
Operation of Non-Instructional Services:	
Food Service Operations	34,444
Extracurricular Activities	149,694
Total Depreciation Expense	$ 1,401,657

NOTE 9: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year 2017 were as follows:

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Due Within One Year
General Obligation Bonds:					
2006 Classroom Facilities Refunding Bonds					
Capital Appreciation Bonds -					
$64,993 - 4.15%-4.25%	$ 24,475	$ 0	$ (24,475)	$ 0	$ 0
Accretion on Capital					
Appreciation Bonds	487,897	67,628	(555,525)	0	0
2012 Classroom Facilities Refunding Bonds:					
Serial and Term Bonds -					
$2,065,000 - 2.00%-3.00%	1,105,000	0	0	1,105,000	545,000
Capital Appreciation Bonds -					
$148,570 - 3.901%	148,570	0	0	148,570	0
Accretion on Capital					
Appreciation Bonds	27,650	6,941	0	34,591	0
2016 Classroom Facilities Refunding Bonds:					
Serial and Term Bonds -					
$5,710,000 - 2.00%-4.00%	5,710,000	0	(145,000)	5,565,000	120,000
Capital Appreciation Bonds -					
$2,854,981 - 1.88%-2.30%	2,854,981	0	0	2,854,981	0
Accretion on Capital					
Appreciation Bonds	2,398	28,217	0	30,615	0
Unamortized Premium	342,804	0	(25,393)	317,411	0
Total General Obligation Bonds	10,703,775	102,786	(750,393)	10,056,168	665,000
Net Pension Liability:					
STRS	17,487,058	4,648,653	0	22,135,711	0
SERS	3,858,383	1,146,402	0	5,004,785	0
Total Net Pension Laibility	21,345,441	5,795,055	0	27,140,496	0
Capital Leases	179,526	0	(69,507)	110,019	60,521
Compensated Absences	972,716	202,810	(20,708)	1,154,818	264,521
Total Governmental Activities					
Long-Term Obligations	$ 33,201,458	$ 6,100,651	$ (840,608)	$ 38,461,501	$ 990,042

2006 School Improvement Advance Refunding General Obligation Bonds

On June 28, 2006, the School District issued $9,264,993 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of $5,915,000, $3,285,000 and $64,993, respectively. The bonds advance refunded $9,265,000 of outstanding 2002 School Improvement General Obligation Bonds. The bonds were issued for a twenty-three year period with final maturity at December 1, 2029. At the date of refunding, $9,808,122 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, $9,265,000 of the 2002 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The advance refunding reduced cash flows required for debt service by $753,599 over the next twenty-three years and resulted in an economic gain of $485,065.

These bonds were refunded in fiscal year 2016.

The capital appreciation bonds matured December 1, 2014 through 2016. These bonds were purchased at a substantial discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. As the value of the bond increases, the accretion is reflected as an increase in long-term liability.

2012 Classroom Facilities Refunding General Obligation Bonds

On April 5, 2012, the School District issued $2,213,570 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of $148,570. The bonds advance refunded $2,215,000 of outstanding 2002 School Facilities General Obligation Bonds. The bonds were issued for an eight year period with final maturity at December 1, 2019. At the date of refunding, $2,278,125 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, $2,215,000 of the 2002 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The balance of the defeased debt at June 30, 2017 was $780,000. The advance refunding reduced cash flows required for debt service by $222,669 over the next eight years and resulted in an economic gain of $208,454.

The bonds were issued with a premium of $115,189, which was reported as revenue when the bonds were issued. The bonds had issuance costs of $49,044. The issuance costs were expensed when the bonds were issued.

The $2,213,570 bond issuance consists of current interest and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 2.00 to 3.00 percent.

The capital appreciation bond will mature December 1, 2019. This bond was purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is $205,000.

2016 General Obligation Classroom Facilities Refunding Bonds

On April 6, 2016, the School District issued $8,564,981 of general obligation bonds that were issued to refund the 2006 school improvement advance refunding general obligation bonds. The bonds were issued for a 13 year period with final maturity at December 1, 2029 with a varying interest rate of 2.00-4.00 percent. At the date of refunding, $8,743,389 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. The refunded bonds were called on June 1, 2016.

The serial refunding bonds were issued with a premium of $347,036 which is reported as an increase to bonds payable. The amount is being amortized to interest expense over the life of the bonds using the straight-line method.

The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of $178,408. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of $1,316,137. The issuance resulted in an economic gain of $1,114,791.

Outstanding general obligation bonds consist of school building construction issues. Such bonds are direct obligations of the School District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the School District.

The general obligation bonds will be paid from property tax revenues of the bond retirement debt service fund. Capital leases will be paid from the athletic fund. Compensated absences will be paid from the general and food service funds. The School District pays obligations related to employee compensation from the fund benefitting from their service.

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

Year	General Obligation Bonds		Capital Appreciation Bonds		Total	
Ending	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2018	$ 665,000	$ 214,875	$ 0	$ 0	$ 665,000	$ 214,875
2019	680,000	195,300	0	0	680,000	195,300
2020	500,000	177,600	148,570	56,430	648,570	234,030
2021	740,000	159,000	725,151	39,849	1,465,151	198,849
2022	0	147,900	713,587	46,413	713,587	194,313
2023-2027	1,550,000	728,025	1,416,243	113,757	2,966,243	841,782
2028-2030	2,535,000	268,075	0	0	2,535,000	268,075
Total	$ 6,670,000	$ 1,890,775	$ 3,003,551	$ 256,449	$ 9,673,551	$ 2,147,224

NOTE 10: CAPITALIZED LEASES

During fiscal year 2015, the School District entered into a lease agreement for baseball field turf. During fiscal year 2013, the School District entered into a lease agreement for field turf at the stadium. All of the leases meet the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the basic financial statements for the government funds.

The field turf and baseball field turf have been capitalized in the governmental capital assets in the amount of $250,000 and $90,000 respectively, which is the present value of the minimum lease payments at lease inception. Accumulated depreciation for the field turf and baseball turf was $75,000 and $12,500, respectively, as of June 30, 2017, leaving a current book value of $175,000 and $77,500, respectively. A corresponding liability was recorded in the Statement of Net Position and is reduced for each required principal payment. Principal payments in fiscal year 2017 totaled $69,507 in the athletics fund.

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

Year ending June 30,	
2018	$ 63,793
2019	12,542
2020	12,543
2021	12,543
2022	12,543
2023	2,029
	115,993
Less amount representing interest	5,974
Present value of minimum lease payments	$ 110,019

NOTE 11: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2017.

The School District's contractually required contribution to SERS was $296,298 for fiscal year 2017. Of this amount, $21,751 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at 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.

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

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

The School District's contractually required contribution to STRS was $964,928 for fiscal year 2017. Of this amount, $179,472 is reported as an intergovernmental payable.

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

The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	$ 22,135,711	$ 5,004,785	$ 27,140,496
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06613002%	0.06838000%	
Prior Measurement Date	0.06327391%	0.06761860%	
Change in Proportionate Share	0.00285611%	0.00076140%	
Pension Expense	$ 1,650,677	$ 517,579	$ 2,168,256

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 894,388	$ 67,504	$ 961,892
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,837,860	412,823	2,250,683
Changes of Assumptions	0	334,096	334,096
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	579,814	26,589	606,403
School District Contributions Subsequent to the Measurement Date	964,928	296,298	1,261,226
Total Deferred Outflows of Resources	$ 4,276,990	$ 1,137,310	$ 5,414,300
Deferred Inflows of Resources			
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	$ 342,694	$ 24,676	$ 367,370

$1,261,226 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ 463,319	$ 201,988	$ 665,307
2019	463,319	201,689	665,008
2020	1,168,557	293,988	1,462,545
2021	874,173	118,671	992,844
	$ 2,969,368	$ 816,336	$ 3,785,704

Actuarial Assumptions - SERS

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2016 actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	$ 6,626,023	$ 5,004,785	$ 3,647,741

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's Proportionate Share of the Net Pension Liability	$ 29,416,561	$ 22,135,711	$ 15,993,885

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

NOTE 12: POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was $35,641.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School District's contributions for health care for the fiscal year ended June 30, 2015, was $52,875. The full amount has been contributed for fiscal year 2015.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the School District did not contribute to health care in the last three fiscal years.

NOTE 13: INTERFUND TRANSACTIONS

A. Interfund Balances

Interfund balances at June 30, 2017 consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund	$ 30,631	$ 0
Other Governmental Funds:		
IDEA, Part B	0	6,859
Title I	0	23,598
Title VI-R	0	174
Total	$ 30,631	$ 30,631

The primary purpose of the interfund loans is to cover costs in specific funds where revenues were not received by June 30. These interfund loans will be repaid once the anticipated revenues are received. All interfund loans are expected to be repaid within one year.

In prior years a $200,000 advance from the general fund to the food service fund was reclassified by the School District to long-term. The remaining $50,000 balance of this advance was repaid in fiscal year 2017. The general fund advanced $40,000 to the athletic fund in fiscal year 2016. This long-term advance is presented as Advances To/From Other Funds on the Balance Sheet, and has an outstanding balance of $40,000 at June 30, 2017. This will be repaid in future years.

At June 30, 2017, the athletic fund owed the general fund $14,142, for costs the general fund paid on-behalf of the fund.

B. Interfund Transfers

During the fiscal year, the general fund transferred $9,941 to the athletic fund to provide additional resources for current operations.

NOTE 14: SET-ASIDES

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

The following cash basis information describes the changes in the year-end set-aside amounts. Disclosure of this information is required by State statute.

	Capital Acquisition
Set-Aside Restricted Balance as of June 30, 2016	$ 0
Current Year Set-Aside Requirement	340,898
Current Year Offsets	(147,958)
Prior Year Offset from Bond Proceeds	(192,940)
Total	$ 0
Set-Aside Balance Carried Forward to 2018	$ 0
Set-Aside Restricted Balance as of June 30, 2017	$ 0

The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to $0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was $11,491,047 at June 30, 2017.

NOTE 15: RISK MANAGEMENT

A. General Insurance

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of $5,000 per incident on property and equipment. The School District's comprehensive property and casualty policy aggregate limit is approximately $61,280,146. The School District's vehicle insurance policy limit is $1,000,000 with a $500 collision deductible. All board members, administrators, and employees are covered under a school district liability policy. Additionally the School District carries a $5,000,000 blanket umbrella policy. The limits of this coverage are $5,000,000 per occurrence and $5,000,000 in aggregate. Claims have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

B. Fidelity Bond

The Board President and Superintendent are covered under surety bonds in the amount of $25,000. The Treasurer is covered under a surety bond in the amount of $75,000. In addition, other school employees who are responsible for handling funds are covered under bonds of $2,000 each.

C. Workers' Compensation

The School District participates in the Group Retrospective Rating Program administered by CompManagement. This is an alternative rating program offered by the Ohio Bureau of Workers' Compensation. Through a BWC-certified sponsor, employers are grouped together to achieve premium refunds based on the performance of the group. Employers continue to pay their own individual merit-rated premium to the BWC. Depending on the performance, the participating employers can receive either a retrospective premium refund or assessment (up to a maximum assessment selected per group).

Refunds are based on the performance of the entire group. With claim costs included, most groups can expect to save between 20 percent and 55 percent. BWC will issue 80 percent of the total refund for the first evaluation keeping the remaining 20 percent in reserve. For the second evaluation, BWC will issue 90 percent of the total refund, paying the remaining funds at the point of the third and final evaluation period.

D. Employee Health Insurance

The School District participates in the Stark County Schools Council of Governments (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. For fiscal year 2017, the School District's monthly premiums were $1,587.61 for family coverage and $653.54 for single coverage. Dental insurance is also provided by the School District to qualified employees through the Stark County Schools Council for Governments. For fiscal year 2017, the School District's cost was $204.72 for family coverage and $82.99 for single coverage per employee per month. Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

The School District provided life insurance and accidental death and dismemberment insurance coverage of $50,000 for classified and certified employees through the Stark County Schools Council of Governments Health Benefits Program.

NOTE 16: FUND BALANCE

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

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

	General	Bond Retirement	Other Governmental Funds	Total
Nonspendable for:				
Unclaimed Monies	$ 733	$ 0	$ 0	$ 733
Inventory	56,947	0	0	56,947
Prepaids	24,554	0	2,492	27,046
Long-term Advances	54,142	0	0	54,142
Total Nonspendable	136,376	0	2,492	138,868
Restricted for:				
Debt Service	0	701,961	0	701,961
Classroom Facilities Maintenance	0	0	811,205	811,205
Food Service	0	0	229,001	229,001
Other Purposes	0	0	27,259	27,259
Total Restricted	0	701,961	1,067,465	1,769,426
Committed for:				
Capital Projects	0	0	1,223	1,223
Assigned for:				
Subsequent Years Appropriations	40,000	0	0	40,000
Encumbrances:				
Instruction	5,269	0	0	5,269
Support Services	3,344	0	0	3,344
Total Assigned	48,613	0	0	48,613
Unassigned	8,572,420	0	(6,276)	8,566,144
Total Fund Balance	$ 8,757,409	$ 701,961	$ 1,064,904	$ 10,524,274

NOTE 17: PUBLIC ENTITY RISK POOLS

A. Risk Sharing Pool

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street NW, Canton, OH 44709.

B. Insurance Purchasing Pool

The Stark County Schools Council of Governments Workers' Compensation Group Rating Plan has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The group is comprised of the superintendents of the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the School District by the group with other members of the group. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member annually based on its payroll percent of the group.

NOTE 18: JOINTLY GOVERNED ORGANIZATIONS

A. Stark Portage Area Computer Consortium

Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts, the Stark County Educational Service Center and the Portage County Educational Service Center and the Portage County Education Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid $323,235 to SPARCC during the fiscal year 2017. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street NW, Canton, OH 44709-2300.

B. Stark County Joint Vocational School

The Stark County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a seven member board, consisting of one representative from each of the six participating school district's elected boards and one board member that rotates from each participating school district. The Stark County Joint Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the Stark County Joint Vocational School, 6805 Richville Drive, S.W., Massillon, Ohio 44646.

NOTE 19: CONTINGENCIES AND COMMITMENTS

A. Grants

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

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. Encumbrance Commitments

Outstanding encumbrances for governmental funds include $8,613 for general fund and $58 in nonmajor governmental funds.

D. School District Funding

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Minerva Local School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Four Fiscal Years (1)

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School District's Proportion of the Net Pension Liability	0.06613002%	0.06327391%	0.06527171%	0.06527171%
School District's Proportionate Share of the Net Pension Liability	$ 22,135,711	$ 17,487,058	$ 15,876,339	$ 18,911,791
School District's Covered Payroll	$ 6,804,950	$ 6,759,050	$ 6,431,277	$ 6,655,077
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	325.29%	258.72%	246.86%	284.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%
School Employees Retirement System (SERS)				
School District's Proportion of the Net Pension Liability	0.06838000%	0.06761860%	0.06843800%	0.06843800%
School District's Proportionate Share of the Net Pension Liability	$ 5,004,785	$ 3,858,383	$ 3,463,608	$ 4,069,788
School District's Covered Payroll	$ 2,101,950	$ 2,139,476	$ 2,195,390	$ 2,131,915
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	238.10%	180.34%	157.77%	190.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

Minerva Local School District
Stark County, Ohio
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 964,928	$ 952,693	$ 946,267	$ 836,066
Contributions in Relation to the Contractually Required Contribution	(964,928)	(952,693)	(946,267)	(836,066)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 6,892,343	$ 6,804,950	$ 6,759,050	$ 6,431,277
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 296,298	$ 294,273	$ 281,983	$ 304,281
Contributions in Relation to the Contractually Required Contribution	(296,298)	(294,273)	(281,983)	(304,281)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 2,116,414	$ 2,101,950	$ 2,139,476	$ 2,195,390
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

	2013	2012	2011	2010	2009	2008
	$ 865,160	$ 974,249	$ 1,110,628	$ 1,103,915	$ 1,071,249	$ 1,112,197
	(865,160)	(974,249)	(1,110,628)	(1,103,915)	(1,071,249)	(1,112,197)
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 6,655,077	$ 7,494,223	$ 8,543,292	$ 8,491,654	$ 8,240,377	$ 8,555,362
	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
	$ 295,057	$ 297,372	$ 301,375	$ 336,269	$ 257,640	$ 347,450
	(295,057)	(297,372)	(301,375)	(336,269)	(257,640)	(347,450)
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 2,131,915	$ 2,210,944	$ 2,397,574	$ 2,483,523	$ 2,618,293	$ 3,538,187
	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

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December 28, 2017

To the Board of Education
Minerva Local School District
Stark County, Ohio
406 East Street
Minerva, OH 44657

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Minerva Local School District, Stark County, Ohio (the "School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

New Philadelphia, Ohio

December 28, 2017

To the Board of Education
Minerva Local School District
Stark County, Ohio
406 East Street
Minerva, OH 44657

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited Minerva Local School District's, Stark County, Ohio (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2017. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Minerva Local School District, Stark County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Rea & Associates, Inc.

New Philadelphia, Ohio

Minerva Local School District
Stark County, Ohio
Schedule of Expenditures of Federal Awards
For The Fiscal Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Title I Grants to Local Educational Agencies	2016	84.010	$ 21,470	$ 0
Title I Grants to Local Educational Agencies	2017	84.010	441,672	0
Total Title I Grant			463,142	0
Special Education Cluster:				
IDEA-B	2017	84.027	432,618	0
Total IDEA-B			432,618	0
Total Special Education Cluster			432,618	0
Title II-A - Improving Teacher Quality	2017	84.367	78,773	0
Total U.S. Department of Education			**974,533**	**0**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
School Breakfast Program	2017	10.553	16,364	0
National School Lunch Program	2017	10.555	46,720	0
Non-Cash Assistance Subtotal			63,084	0
Cash Assistance:				
School Breakfast Program	2017	10.553	156,199	0
National School Lunch Program	2017	10.555	446,013	0
Summer Food Program	2017	10.559	16,734	
Cash Assistance Subtotal			618,946	0
Total Child Nutrition Cluster			682,030	0
Total U.S. Department of Agriculture			**682,030**	**0**
TOTAL FEDERAL ASSISTANCE			**$ 1,656,563**	**$ 0**

See accompanying notes to the Schedule of Expenditures of Federal Awards

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

Minerva Local School District
Stark County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies 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): Special Education Cluster: IDEA-B	CFDA #84.027
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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MINERVA LOCAL SCHOOL DISTRICT

STARK 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
FEBRUARY 22, 2018

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