NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2019

With Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAs & Advisors

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Education
New Richmond Exempted Village School District
212 Market St., 2nd Floor
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We have reviewed the *Independent Auditors' Report* of the New Richmond Exempted Village School District, Clermont County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2018 through June 30, 2019. 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. The New Richmond Exempted Village School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 9, 2020

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CLARK SCHAEFER HACKETT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
New Richmond Exempted Village School District:

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 New Richmond Exempted Village School District (the School District), as of and for the year ended June 30, 2019, 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.

Auditors' 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 auditors' 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 New Richmond Exempted Village School District as of June 30, 2019, and the respective changes in financial position thereof 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, the schedules of proportionate share of net pension liability, schedules of pension contributions, schedules of proportionate share of net OPEB liability (assets), schedules of OPEB contributions and the budgetary comparison information, as listed in the tables of contents, 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 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 New Richmond Exempted Village School District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 statement 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 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 solely 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 the effectiveness of the School District's 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the New Richmond Exempted Village School District ("the School District") for the year ended June 30, 2019. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2019 are listed below:

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at fiscal year-end by approximately $5.5 million.
- In total, net position increased by $102,429.
- The School District had $29.2 million in expenses related to governmental activities; $5.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of approximately $24.1 million made up primarily of property taxes and State Foundation payments was used to provide for these programs.
- The General Fund's fund balance decreased by approximately $2.5 million to $18.1 million at June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District does not have any business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. In addition, the School District may also establish funds to show that it is meeting legal requirements for using grants or other money.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

Notes to the basic financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information for the budget of the General Fund and pension and other postemployment benefits (OPEB) plans.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net position at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2019 and 2018:

	FY2019	FY2018
Current and other assets	$ 31,365,444	$ 33,124,583
Capital assets	17,804,248	18,714,442
Total assets	49,169,692	51,839,025
Deferred outflows of resources	9,113,299	11,820,776
Long-term liabilities:		
Net pension liability	30,207,691	33,279,313
Net OPEB liability	3,570,438	7,758,015
Other long-term liabilities	2,869,560	2,784,695
Other liabilities	2,801,185	2,792,966
Total liabilities	39,448,874	46,614,989
Deferred inflows of resources	13,365,842	11,678,966
Net position:		
Investment in capital assets	17,804,248	18,714,442
Restricted:		
Other purposes	284,038	246,099
Unrestricted (deficit)	(12,620,011)	(13,594,695)
Total net position	$ 5,468,275	$ 5,365,846

The net pension liability is the largest single liability reported by the School District at June 30, 2019 and is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27.* Another significant liability for the School District is net other postemployment benefits (OPEB) liability, reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting net OPEB assets and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Prior accounting for pensions (GASB Statement No. 27) and OPEB (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB Statement Nos. 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio statewide pension and OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

As required by GASB Statement Nos. 68 and 75, the required net pension liability and the net OPEB liability equal the School District's proportionate share of each plan's collective:

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

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

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

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

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

The largest portion of the School District's net position is in investment in capital assets. The School District uses these capital assets to provide educational services to its students. Accordingly, these assets are not available for future spending. An additional portion of the School District's net position ($284,038) represents resources that are subject to external restrictions on how they may be used.

Due to the recognition of its proportionate share of the net pension and net OPEB liabilities, the School District's unrestricted net position ended the fiscal year with a deficit balance of $12.6 million.

Total assets decreased by approximately $2.7 million, or 5.1%. The School District has slipped into a 3-year pattern of deficit spending, due to declining local revenue as related to the closing and sale/devaluation of two power plants (Beckford and Zimmer, respectively), as well as a reduction of electric deregulation payments from the State. Further, expenses have increased over the past 3 years, including a teacher contract settlement in May 2018 and a 12% increase in health insurance premiums in October 2018. These factors led to decreases in cash and investments and in taxes and intergovernmental receivables. The overall decrease was partially offset by the recognition of a net OPEB asset of $1.7 million associated with the State Teachers Retirement System (STRS), as discussed below.

Total liabilities, excluding net pension and OPEB liabilities, increased by approximately $93,000, or only 1.7%. The net pension and OPEB liabilities, associated with the School District's participation in State-wide, cost-sharing, multiple employer retirements plans, decreased by approximately $7.3 million. The decrease in net pension liability is due to changes in assumptions used to estimate the state-wide pension liability and better than projected investment earnings, which also led to the increase in deferred inflows of resources. The decrease in net OPEB liability is also due to changes in assumptions, which for STRS, led to the elimination of the net OPEB liability and created a net OPEB asset.

B. Governmental Activities

The following table presents a condensed summary of the School District’s activities for the years ended June 30, 2019 and 2018:

	FY2019	FY2018
Revenues:		
Program revenues:		
Charges for services and sales	$ 3,110,651	$ 3,385,114
Operating grants and contributions	2,108,897	2,045,739
Total program revenues	5,219,548	5,430,853
General revenues:		
Property taxes	11,195,283	10,403,826
Grants and entitlements	12,091,263	12,731,188
Investment earnings	529,643	248,559
Miscellaneous	274,170	409,292
Total general revenues	24,090,359	23,792,865
Total revenues	29,309,907	29,223,718
Expenses:		
Instruction	18,109,288	9,158,000
Support services:		
Pupil	833,023	312,585
Instructional staff	159,597	915,749
Board of Education	138,594	120,108
Administration	1,766,161	939,489
Fiscal	663,037	569,315
Business	9,993	6,993
Operation and maintenance of plant	3,335,352	3,026,181
Pupil transportation	1,951,860	1,518,282
Central	407,579	333,780
Non-instructional services	747,294	404,487
Food services	1,085,700	1,261,731
Total expenses	29,207,478	18,566,700
Change in net position	102,429	10,657,018
Net position beginning of year	5,365,846	(5,291,172)
Net position end of year	$ 5,468,275	$ 5,365,846

Of the total revenues of $29,309,907, $5,219,548 (18%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the students. Of those general revenues, 46% ($11,195,283) comes from property tax levies and 50% ($12,091,263) is from state funding. Thus, the School District's operations are reliant upon its property tax levy and the state's foundation program.

Total revenue increased by approximately $86,000, or less than 1%.

Total expenses increased by approximately $10.6 million, or 57%. Approximately $10.1 million of this increase is related to changes in pension and OPEB expenses; recognizing $10.1 million in *negative* pension expenses during fiscal year 2018 compared to $2.5 million in pension expenses during fiscal year 2019, and recognizing a $2.5 million increase in *negative* OPEB expense. A majority of this is due to changes in actuarial assumptions in the STRS pension and OPEB plans, as previously discussed. The remaining increase were due to increased costs for teachers and health insurance premiums.

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 18% of the cost of the general government programs was recouped in program revenues. Instruction costs were $18,109,288, but program revenue contributed to fund $3,874,718 of those costs. Thus, general revenues of $14,234,570 were used to support of remainder of the instruction costs.

	Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost of Services
Instruction	$ 18,109,288	$ 3,874,718	21%	$ 14,234,570
Support services	9,265,196	97,662	1%	9,167,534
Non-instructional services	1,832,994	1,247,168	68%	585,826
Total	$ 29,207,478	$ 5,219,548	18%	$ 23,987,930

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has one major governmental fund – the General Fund. The assets of this fund were $28,237,688, or 95%, of the total governmental funds' assets.

General Fund. Fund balance at June 30, 2019 was $18,108,996, including $13,095,141 of unassigned balance, which represents 46% of expenditures for fiscal year 2019. The General Fund experienced a decrease in fund balance of $2,470,245, primarily due to increases in expenditures for a teacher contract settlement in May 2018, a 12% increase in health insurance premiums in October 2018 and implementation of a new safety resource officer program.

The impact of the increase in expenditures was partially offset by a decrease in transfers out. Due to a projected deficit in the third year of the School District's five-year forecast, the School District began implementing budget cuts, starting with a $500,000 reduction in the annual transfer to the capital projects fund during fiscal year 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. The revenue estimates were increased by approximately 5.2% between the original and final budgets, due to initial conservative estimates made for property taxes and related State homestead and rollback reimbursements associated with the impact of the two power plants' sale/devaluation. These line items were increased in the final budget based on how actual receipts were trending. Actual revenues came in higher by 1.2%, due to conservative estimates.

The School District's final appropriations increased by 3% from the original budget to account for a conservative upward trend in costs. However, with budget cuts being implemented to address a projected deficit in year three of the five-year forecast, actual expenditures came in under budget from both the original and final appropriations.

CAPITAL ASSET ADMINISTRATION

At June 30, 2019, the School District had $17,804,248 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The net decrease of about $910,000 in the School District's investment in capital assets for the current fiscal year was due to depreciation expense exceeding current year additions. Some key additions during the fiscal year include tennis courts improvements and the purchase of two buses. See Note 5 to the financial statements for more detail.

Capital Asset at Year-End
(Net of Depreciation)

	FY2019	FY2018
Land	$ 484,245	$ 484,245
Construction in progress	-	61,326
Land improvements	1,718,802	1,686,277
Buildings and improvements	14,480,320	15,308,368
Furniture and equipment	500,232	580,520
Vehicles	620,649	593,706
Total	$ 17,804,248	$ 18,714,442

ECONOMIC FACTORS

In 2016, Dynergy, Inc. purchased 48% ownership of the Zimmer Power Plant from Duke Energy. Dynergy filed tax documents with the Ohio Department of Taxation in October 2016 and received a $42.5 million reduction in taxable values for the Zimmer Power Plant. This resulted in a reduction of $1,350,000 per year in revenues beginning in calendar year 2017. Additionally, Dynergy purchased the remaining ownership share in the Zimmer Power Plant from DP&L and AEP and received an additional reduction of $47 million in public utility values affecting collection year 2018. The School District is very concerned about the long-term effect of this loss of revenue, and it is occurring at a particularly challenging time, given the closing of the Beckjord Power Plant in 2014 that will ultimately reduce the School District's revenue by another $1,600,000.

Recognizing the volatility related to public utility values and the planned closing of the Beckjord Plant, the School District reduced expenses beginning in 2010 in order to accumulate a cash balance that would provide funds to operate in future years. Ultimately however, between the loss of the Beckjord Plant and now the Zimmer devaluation, the School District will exhaust the cash balance now on hand.

The School District is currently considering what measures can be taken to mitigate the sudden loss of the Zimmer Plant revenues and looking at options to enable us to continue to provide our students with a high quality education.

Effective in fiscal year 2020, the School District closed one of its three elementary school buildings, re-districted, and implemented over $3 million in economies to begin to address the ongoing loss of local and State revenue related to the Beckford and Zimmer power plants. Additionally, the School District is contemplating an operating levy on the March 2020 ballot—it's first operating levy since 1977. Further and more severe reductions will have to occur if the levy is not successful in March 2020.

Both teacher and classified employee collective bargaining agreements will be negotiated in the spring of 2020. The School District experienced a 23% increase to its health insurance premiums in October 2019. The premiums will not change until January 2021.

To further consolidate its operations, the School District is likely to sell off its unneeded non-school property during fiscal year 2020. An appraisal process is underway.

The School District will continue to seek alternative funding to enhance its educational programs and services, especially in the areas of mental health, school safety and security.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the New Richmond Exempted Village School District, 212 Market Street, New Richmond, Ohio 45157.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 20,200,274
Receivables:	
Taxes	9,323,880
Accounts	10,730
Intergovernmental	73,317
Interest	68,334
Supplies inventory	13,496
Net OPEB asset	1,675,413
Nondepreciable capital assets	484,245
Depreciable capital assets, net	17,320,003
Total assets	49,169,692
Deferred Outflows of Resources:	
Pension	8,535,738
OPEB	577,561
Total deferred outflows of resources	9,113,299
Liabilities:	
Accounts payable	156,999
Accrued wages	2,312,812
Intergovernmental payable	331,374
Noncurrent liabilities:	
Due within one year	210,814
Due within more than one year	
Net pension liability	30,207,691
Net OPEB liability	3,570,438
Other amounts due more than one year	2,658,746
Total liabilities	39,448,874
Deferred Inflows of Resources:	
Property taxes levied for next fiscal year	7,316,986
Pension	2,941,972
OPEB	3,106,884
Total deferred inflows of resources	13,365,842
Net Position:	
Investment in capital assets	17,804,248
Restricted for:	
Other purposes	284,038
Unrestricted (deficit)	(12,620,011)
Total net position	$ 5,468,275

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2019

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instruction:				
Regular	$ 12,785,222	$ 2,506,624	$ 896,590	$ (9,382,008)
Special education	5,314,927	-	471,504	(4,843,423)
Adult/continuing	9,139	-	-	(9,139)
Support services:				
Pupil	833,023	-	88,662	(744,361)
Instructional staff	159,597	-	-	(159,597)
Board of Education	138,594	-	-	(138,594)
Administration	1,766,161	-	-	(1,766,161)
Fiscal	663,037	-	-	(663,037)
Business	9,993	-	-	(9,993)
Operation and maintenance of plant	3,335,352	-	-	(3,335,352)
Pupil transportation	1,951,860	-	-	(1,951,860)
Central	407,579	-	9,000	(398,579)
Non-instructional services:				
Extracurricular activities	637,007	226,751	-	(410,256)
Community service	110,287	-	2,676	(107,611)
Food services	1,085,700	377,276	640,465	(67,959)
Total Governmental Activities	$ 29,207,478	$ 3,110,651	$ 2,108,897	(23,987,930)

General Revenues:	
Property taxes, levied for general purposes	11,195,283
Grants and entitlements not restricted to specific programs	12,091,263
Investment earnings	529,643
Miscellaneous	274,170
Total general revenues	24,090,359
Change in net position	102,429
Net position beginning of year	5,365,846
Net position end of year	$ 5,468,275

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	$ 18,813,826	$ 1,386,448	$ 20,200,274
Receivables:			
Taxes	9,323,880	-	9,323,880
Accounts	1,526	9,204	10,730
Accrued interest	68,334	-	68,334
Intergovernmental	30,122	43,195	73,317
Materials and supplies	-	13,496	13,496
Total assets	28,237,688	1,452,343	29,690,031
Liabilities:			
Accounts payable	85,723	71,276	156,999
Accrued wages and benefits	2,185,671	127,141	2,312,812
Intergovernmental payable	322,565	8,809	331,374
Compensated absences payable	49,559	-	49,559
Total liabilities	2,643,518	207,226	2,850,744
Deferred Inflows of Resources:			
Property taxes levied for next fiscal year	7,316,986	-	7,316,986
Unavailable revenue	168,188	43,195	211,383
Total deferred inflows of resources	7,485,174	43,195	7,528,369
Fund Balances:			
Nonspendable	-	13,496	13,496
Restricted	-	227,347	227,347
Committed	11,505	-	11,505
Assigned	5,002,350	1,055,064	6,057,414
Unassigned (deficit)	13,095,141	(93,985)	13,001,156
Total fund balances	18,108,996	1,201,922	19,310,918
Total liabilities, deferred inflows of resources and fund balances	$ 28,237,688	$ 1,452,343	$ 29,690,031

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Fund Balances		$	19,310,918
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.			17,804,248
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			211,383
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			(2,820,001)
The net pension and net OPEB liabilities are not due and payable in the current period. The net OPEB asset is not available to pay for current period expenditures. Therefore, the assets, liabilities, and related deferred outflows and inflows of resources are not reported in the governmental funds:			
Deferred outflows - pension and OPEB	9,113,299		
Deferred inflows - pension and OPEB	(6,048,856)		
Net OPEB asset	1,675,413		
Net pension liability	(30,207,691)		
Net OPEB liability	(3,570,438)		
Total			(29,038,273)
Net Position of Governmental Activities		$	5,468,275

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 11,176,675	$ -	$ 11,176,675
Tuition and fees	2,454,992	-	2,454,992
Interest	518,757	479	519,236
Charges for services	51,632	373,442	425,074
Intergovernmental	12,360,010	1,861,805	14,221,815
Other local revenues	194,444	310,311	504,755
Total revenues	26,756,510	2,546,037	29,302,547
Expenditures:			
Current:			
Instruction:			
Regular	14,210,357	614,651	14,825,008
Special education	5,109,325	471,504	5,580,829
Adult/continuing	40,831	-	40,831
Support services:			
Pupil	862,557	93,662	956,219
Instructional staff	227,136	-	227,136
Board of Education	138,555	-	138,555
Administration	1,916,185	-	1,916,185
Fiscal	676,421	-	676,421
Business	9,978	-	9,978
Operation and maintenance of plant	2,628,758	-	2,628,758
Pupil transportation	1,948,528	-	1,948,528
Central	397,499	9,000	406,499
Non-instructional services:			
Extracurricular activities	449,806	218,140	667,946
Community service	110,819	2,676	113,495
Food service	-	1,074,157	1,074,157
Capital outlay	-	394,796	394,796
Total expenditures	28,726,755	2,878,586	31,605,341
Deficiency of revenues under expenditures	(1,970,245)	(332,549)	(2,302,794)
Other financing sources (uses):			
Transfers in	-	500,000	500,000
Transfers out	(500,000)	-	(500,000)
Total other financing sources (uses):	(500,000)	500,000	-
Change in fund balance	(2,470,245)	167,451	(2,302,794)
Fund balance, beginning of year	20,579,241	1,034,471	21,613,712
Fund balance, end of year	$ 18,108,996	$ 1,201,922	$ 19,310,918

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	$	(2,302,794)
Amounts reported for governmental activities in the statement 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		494,797
Depreciation expense		(1,404,991)
Some expenses reported in the statement of activities do not required the use current financial resources and therefore are not reported as expenditures in governmental funds.		(51,725)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.		7,360
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
Pension		2,349,140
OPEB		76,878
Except for amounts reported as deferred outflows or inflows of resources, change in the net pension liabilities and net OPEB asset and liability are reported as pension and OPEB expenses in the statement of activities.		
Pension		(2,540,448)
OPEB		3,474,212
Change in Net Position of Governmental Activities	$	102,429

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Statement of Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trusts	Agency Funds
ASSETS		
Equity in pooled cash and investments	$ 97,316	$ 97,685
Total assets	97,316	97,685
LIABILITIES		
Accounts payable	1,000	-
Due to student groups	-	97,685
Total liabilities	1,000	$ 97,685
NET POSITION		
Held in trust	$ 96,316	

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2019

		Private-Purpose Trusts
Additions:		
Contributions	$	20,916
Interest		2,747
Total additions		23,663
Deductions:		
Community gifts, awards and scholarships		23,880
Total deductions		23,880
Change in net position		(217)
Net position, beginning of year		96,533
Net position, end of year	$	96,316

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

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

The School District is associated with four organizations, two of which are defined as jointly governed organizations and two as insurance purchasing pools. These organizations include Hamilton Clermont Cooperative, the U.S. Grant Joint Vocational School District, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and the Southwestern Ohio Educational Purchasing Council Employee Benefit Plan. These organizations are presented in Notes 12 and 13.

B. Basis of Presentation

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 interfund services provided and used are not eliminated in the consolidation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

B. Basis of Presentation – *continued*

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. 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 Fund financial statements report detailed information about the School District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All private-purpose trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Private-purpose trust funds' operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

C. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into either the governmental and fiduciary categories.

Governmental funds focus 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, liabilities and deferred inflows of resources is reported as fund balance. The following is the School District's only major governmental fund:

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

Fiduciary Funds report on net position and changes in net position. The School District's fiduciary funds consist of private-purpose trust funds and agency funds. The School District’s only private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District’s use. Agency funds, which are used to account for student activities, are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

D. Basis of Accounting – *continued*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.

Non-exchange transactions, in which the School District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes were levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Inflows of Resources. 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(s) and so will not be recognized as an inflow of resources until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension and OPEB. Receivables for property taxes represent amounts that are measurable as of June 30, 2019, but are intended to finance 2020 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end). Deferred inflows of resources from pension and OPEB are reported on the government-wide statement of net position (see Notes 7 and 8).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

D. Basis of Accounting – *continued*

Deferred Outflows of Resources. In addition to assets, the statement 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 and OPEB (see Notes 7 and 8).

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in central bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. 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 financial statements.

During fiscal year 2019, the School District's investments were comprised of negotiable certificates of deposit, U.S. agency securities, commercial paper, U.S. money markets, and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at June 30, 2019, which approximates fair value.

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

F. Inventory

All inventories are valued at cost, determined on a first-in, first-out basis. Inventory in governmental funds, consisting of purchased foods and supplies, are recorded as expenditures in the governmental funds when purchased. Reported materials and supplies is equally offset by a nonspendable fund balance in the governmental funds, which indicates that it does not constitute available expendable resources even though it’s a component of net current assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements, but are not reported in the governmental fund financial statements. The School District defines capital assets as those with an individual cost of more than $1,500 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their acquisition cost as of the date received.

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.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Buildings	50 years
Land improvements	20 years
Building improvements	20-30 years
Equipment and furniture other than vehicles	5-20 years
Vehicles	8 years

H. Interfund Balances

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities’ column of the statement of net position.

I. Compensated Absences

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

I. Compensated Absences — *continued*

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

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, 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. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Fund Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The "not in a spendable form" criterion includes items that are not expected to be converted to cash.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

L. **Fund Balances** – *continued*

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 the School District Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

M. Net Position

Net position represents the difference between assets, deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation. 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.

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

N. 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.

2. DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the School District has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies that 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 pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies are permitted 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. DEPOSITS AND INVESTMENTS—*continued*

2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements* and amended by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

2. DEPOSITS AND INVESTMENTS—*continued*

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. At June 30, 2019, $867,272 of the School District's bank balance of $1,117,272 was exposed to custodial credit risk since it was uninsured and collateralized by financial institutions participating in the Treasurer of State's Ohio Pooled Collateral System.

Investments

The School District's investments at June 30, 2019 are as summarized as follows:

	Measurement Value at 6/30/19	Average Maturity Years	Concentration of Credit Risk
Negotiable CDs	$ 11,134,337	0.77	56.9%
U.S. Agency Obligations	3,187,548	0.43	16.3%
Commercial Paper	1,495,590	0.12	7.7%
STAR Ohio	3,722,490	n/a	19.0%
U.S. Money Market	1,652	n/a	0.1%
	$ 19,541,617		100.0%

Credit Risk

It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investments in U.S. Agency securities were rated AA+ by Standard & Poor's and Aaa by Moody's. The JP Morgan Securities commercial paper securities were rated A-1 by Standard & Poor's and P-1 by Moody's. The Toyota Motor Credit commercial paper securities were rated A-1+ by Standard & Poor's and P-1 by Moody's. Investments in STAR Ohio were rated AAAm by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a counter party, 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 securities are registered in the name of the School District.

2. DEPOSITS AND INVESTMENTS—*continued*

Interest Rate Risk

In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School District had the following reoccurring fair value measurements as of June 30, 2019:

		Fair Value Measurements Using		
Investments by Fair Value Level	Measurement Value at 6/30/19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable CDs	$ 11,134,337	$ -	$ 11,134,337	$ -
U.S. Agency Obligations	3,187,548	-	3,187,548	-
Commerical Paper	1,495,590	-	1,495,590	-
STAR Ohio (net asset value)	3,722,490	N/A	N/A	N/A
U.S. Money Market (amortized cost)	1,652	N/A	N/A	N/A
	$ 19,541,617	$ -	$ 15,817,475	$ -

Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment managers.

3. 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 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 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of the prior January 1, 2018, 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 semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

3. PROPERTY TAXES—*continued*

Public utility property taxes revenue received in calendar year 2019 represent collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018 and are collected in calendar year 2019 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 Clermont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019 are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2019. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2019, was $1,870,529 in the General Fund.

The assessed values upon which fiscal year 2019 taxes were collected are:

	2018 Second-Half Collections		2019 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$ 383,338,310	81.22%	$ 384,659,950	84.44%
Public Utility	88,610,740	18.78%	70,891,500	15.56%
Total Assessed Value	$ 471,949,050	100.00%	$ 455,551,450	100.00%
Tax rate per $1,000 of assessed valuation	$32.00		$32.00	

4. INTERFUND TRANSACTIONS

Interfund transactions for the fiscal year ended June 30, 2019 consisted of the following:

	Transfers	
	In	Out
General Fund	$ -	$ 500,000
Other Governmental Funds	500,000	-
	$ 500,000	$ 500,000

Transfers were used to provide funding for various capital projects.

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019 was as follows:

	Balance 7/1/18	Additions	Disposals	Balance 6/30/19
Governmental Activities				
Nondepreciable:				
Land	$ 484,245	$ -	$ -	$ 484,245
Construction in progress	61,326	-	(61,326)	-
Subtotal	545,571	-	(61,326)	484,245
Depreciable:				
Land improvements	5,213,550	235,387	-	5,448,937
Buildings and improvements	39,627,613	106,730	-	39,734,343
Vehicles	2,622,355	165,251	-	2,787,606
Equipment and furniture	3,896,168	48,755	(9,787)	3,935,136
Subtotal	51,359,686	556,123	(9,787)	51,906,022
Totals at historical cost	51,905,257	556,123	(71,113)	52,390,267
Less accumulated depreciation:				
Land improvements	3,527,273	202,862	-	3,730,135
Buildings and improvements	24,319,245	934,778	-	25,254,023
Vehicles	2,028,649	138,308	-	2,166,957
Equipment and furniture	3,315,648	129,043	(9,787)	3,434,904
Total accumulated depreciation	33,190,815	1,404,991	(9,787)	34,586,019
Capital assets, net	$ 18,714,442	$ (848,868)	$ (61,326)	$ 17,804,248

5. CAPITAL ASSETS—*continued*

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 506,379
Special education	2,236
Support services:	
Instructional staff	238
Administration	58,472
Fiscal	3,622
Operation and maintenance of plant	606,580
Pupil transportation	160,850
Central	381
Extracurricular activities	45,823
Food service	20,410
Total depreciation expense	$ 1,404,991

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive insurance coverage with private carriers to address these various types of risk. Settled claims have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

7. 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 Statement No. 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 contractually-required pension contributions 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.

7. DEFINED BENEFIT PENSION PLANS—*continued*

Age and service requirements for retirement are as follows:

Benefits	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% for the first 30 years of service and 2.5% 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% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, 2019 the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the 14% employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $595,859 for fiscal year 2019.

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.

7. DEFINED BENEFIT PENSION PLANS—*continued*

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring August 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with 5 years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

7. DEFINED BENEFIT PENSION PLANS—*continued*

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, 2019, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was $1,753,281 for fiscal year 2019. Of this amount, $276,568 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate share of the net pension liability	$ 7,282,416	$ 22,925,275	$ 30,207,691
Proportion of net pension liability	0.1272%	0.1043%	
Change in proportion	-0.0050%	-0.0026%	
Pension expense	$ 548,564	$ 1,991,884	$ 2,540,448

7. DEFINED BENEFIT PENSION PLANS—*continued*

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 399,395	$ 529,185	$ 928,580
Change in assumptions	164,453	4,062,792	4,227,245
Change in School District's proportionate share and difference in employer contributions	129,490	901,283	1,030,773
School District's contributions subsequent to the measurement date	595,859	1,753,281	2,349,140
Total Deferred Outflows of Resources	$ 1,289,197	$ 7,246,541	$ 8,535,738
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 149,715	$ 149,715
Net difference between projected and actual earnings on pension plan investments	201,773	1,390,164	1,591,937
Change in School District's proportionate share and difference in employer contributions	128,559	1,071,761	1,200,320
Total Deferred Inflows of Resources	$ 330,332	$ 2,611,640	$ 2,941,972

$2,349,140 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 net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	$ 530,531	$ 1,800,139	$ 2,330,670
2021	133,346	1,100,264	1,233,610
2022	(238,989)	347,894	108,905
2023	(61,882)	(366,677)	(428,559)
	$ 363,006	$ 2,881,620	$ 3,244,626

7. DEFINED BENEFIT PENSION PLANS—*continued*

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Inflation	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50% on and after April 1, 2018, COLA's for future retirees will be delayed for three years following retirement
Investment Rate of Return	7.50% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

7. DEFINED BENEFIT PENSION PLANS—*continued*

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stock	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 – Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, 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%), or one percentage point higher (8.50%) 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	$10,257,832	$7,282,416	$4,787,729

7. DEFINED BENEFIT PENSION PLANS—*continued*

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0%

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

7. DEFINED BENEFIT PENSION PLANS—*continued*

Discount Rate – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$33,479,347	$22,925,275	$13,992,686

Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The School District's liability is 6.2% of wages paid.

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

Net OPEB Liability (Asset)

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

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

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, the minimum compensation amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was $54,806.

The surcharge, added to the 0.5% allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $76,878 for fiscal year 2019. Of this amount $54,806 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

	SERS	STRS	Total
Proportionate share of the net OPEB liability/(asset)	$ 3,570,438	$ (1,675,413)	$ 1,895,025
Proportion of net OPEB liability/(asset)	0.1287%	0.1043%	
Change in proportion	-0.0050%	-0.0026%	
OPEB expense / (negative expense)	$ 135,638	$ (3,609,850)	$ (3,474,212)

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 58,282	$ 195,690	$ 253,972
Change in School District's proportionate share and difference in employer contributions	49,106	197,605	246,711
School District's contributions subsequent to the measurement date	76,878	-	76,878
Total Deferred Outflows of Resources	$ 184,266	$ 393,295	$ 577,561
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 97,614	$ 97,614
Net difference between projected and actual earnings on OPEB plan investments	5,356	191,403	196,759
Change in assumptions	320,778	2,282,883	2,603,661
Change in School District's proportionate share and difference in employer contributions	116,204	92,646	208,850
Total Deferred Inflows of Resources	$ 442,338	$ 2,664,546	$ 3,106,884

$76,878 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	$ (124,127)	$ (401,352)	$ (525,479)
2021	(102,324)	(401,352)	(503,676)
2022	(33,275)	(401,352)	(434,627)
2023	(30,995)	(357,883)	(388,878)
2024	(31,366)	(342,634)	(374,000)
2025	(12,863)	(366,678)	(379,541)
	$ (334,950)	$ (2,271,251)	$ (2,606,201)

Actuarial Assumptions – SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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.

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Investment Rate of Return	7.50% net of investment expense, including inflation
Wage Inflation	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%
Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
Medical Trend Assumption:	
Pre-Medicare	7.25% - 4.75%
Medicare	5.375% - 4.75%

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

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

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

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

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

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62% as of June 30, 2018 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 3.70%, as well as what the School District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70%) and one percentage point higher (4.70%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	$4,332,477	$3,570,438	$2,967,071

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

The following table presents the net OPEB liability calculated using the current health care cost trend rates, as well as what each plan's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.25% decreasing to 3.75%) and one percentage point higher (8.25% decreasing to 5.75%) than the current rates.

	1% Decrease (6.25% Decrease to 3.75%)	Current Trend Rate (7.25% Decrease to 4.75%)	1% Increase (8.25% Decrease to 5.75%)
School District's proportionate share of the net OPEB liability	$2,880,689	$3,570,438	$4,483,792

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

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

Actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 4.13% to 7.45% based on the methodology defined under GASB Statement No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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

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

Discount Rate – The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB liability as of June 30, 2018.

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued*

Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB (asset) calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45%) and one percentage point higher (8.45%) than the current rate. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB (asset)	($1,435,986)	($1,675,413)	($1,876,641)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($1,865,281)	($1,675,413)	($1,482,588)

9. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to maximum of 260 days for teachers, 250 to 360 days for classified staff and administrators. Upon retirement, payment is made for twenty-five percent of the employee’s accumulated sick leave up to a maximum of 50 days for all teachers, 56 to 62.5 days for classified staff, and 90 days for administrators.

10. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2019 were as follows:

	Balance Outstanding 7/1/18	Additions	Reductions	Balance Outstanding 6/30/19	Amounts Due in One Year
Governmental Activities:					
Compensated absences	$ 2,784,695	$ 295,462	$ (210,597)	$ 2,869,560	$ 210,814
Net pension liability:					
STRS	25,385,688	-	(2,460,413)	22,925,275	-
SERS	7,893,625	-	(611,209)	7,282,416	-
Net OPEB liability:					
STRS	4,169,424	-	(4,169,424)	-	-
SERS	3,588,591	-	(18,153)	3,570,438	-
Total	$ 43,822,023	$ 295,462	$ (7,469,796)	$ 36,647,689	$ 210,814

Compensated absences, net pension and net OPEB liabilities will be paid from the funds from which the employees' salaries are paid.

11. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented below:

Fund Balances	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable			
Inventory	$ -	$ 13,496	$ 13,496
Restricted for			
Athletics	-	220,963	220,963
Other Purposes	-	6,384	6,384
Total Restricted	-	227,347	227,347
Committed to			
Underground Storage Tanks	11,505	-	11,505
Assigned to			
Capital Improvements	-	1,055,064	1,055,064
Budget Resource	4,934,791	-	4,934,791
Other Purposes	67,559	-	67,559
Total Assigned	5,002,350	1,055,064	6,057,414
Unassigned (Deficit)	13,095,141	(93,985)	13,001,156
Total Fund Balance	$ 18,108,996	$ 1,201,922	$ 19,310,918

At June 30, 2019, the following funds had a deficit fund balance:

Food Service Fund	$ 50,790
Title I Disadvantaged Children Fund	43,195

The deficit fund balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

12. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton Clermont Cooperative (HCC)

HCC is one of 19 regional information technology centers established by the state of Ohio to provide data and internet services for public and non-public schools in the Greater Cincinnati Metropolitan area. The executive committee is the managerial body responsible for directing and supervising the daily operation of the HCC, setting policy and passing legislation. The executive committee is composed of up to twelve members, two superintendents from each county, the superintendent from each County Educational Service Center (ESC), one treasurer from each county; the treasurer of the Hamilton or Clermont County ESC shall serve as non-voting ex officio member. To obtain financial information, write to HCC at 1007 Cottonwood Drive, Loveland, Ohio 45140.

U.S. Grant Joint Vocational School

The U.S. Grant Joint Vocational School, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority. The Vocational School provides academic preparation and job training which leads to employment and/or further education upon graduation from high school. The School District has no ongoing financial interest in or responsibility for the Vocational School. To obtain financial information, write to U.S. Grant at 3046 State Route 125, Bethel, Ohio 45106.

13. INSURANCE PURCHASING POOLS

Southwestern Ohio Educational Purchasing Council (EPC) Benefit Plan Trust

The EPC Benefit Plan Trust (the Plan), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries of such employees. Each member school district pays a monthly premium to the Trust fund for insurance coverage, which is provided by either Anthem Blue Cross or United HealthCare. The Plan is governed by a Trust agreement and a Board of Trustees elected by participating districts. To obtain financial information, write to the Plan at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

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

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

14. CONTINGENCIES

Federal and State Funding

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable at this time. Management believes this may result in either an additional receivable to, or liability of, the School District.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

15. COMMITMENTS

The School District utilizes encumbrance accounting to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The School District's outstanding encumbrance amounts at June 30, 2019 were:

General Fund	$	116,082
Nonmajor Governmental Funds		240,976

16. REQUIRED SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on the 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 change in the year-end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside reserve balance as of June 30, 2018	$ -
Current year set-aside requirement	426,168
Current year qualifying expenditures	(368,554)
Current year offsets	(500,000)
Total	(442,386)
Set-aside reserve balance as of June 30, 2019	$ -

REQUIRED SUPPLEMENTARY INFORMATION

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	$ 9,764,681	$ 10,571,296	$ 10,573,364	$ 2,068
Tuition and fees	2,500,000	2,433,330	2,450,882	17,552
Interest	300,000	386,815	376,464	(10,351)
Intergovernmental	12,164,579	12,575,633	12,886,104	310,471
Other local revenues	-	42,505	41,461	(1,044)
Total revenues	24,729,260	26,009,579	26,328,275	318,696
Expenditures:				
Current:				
Instruction:				
Regular	14,435,151	14,904,694	14,200,665	704,029
Special education	5,217,178	5,386,051	5,107,317	278,734
Other instruction	55,326	57,138	54,788	2,350
Support services:				
Pupil	900,174	929,259	879,630	49,629
Instructional staff	281,095	290,034	270,356	19,678
Board of Education	154,450	158,785	131,101	27,684
Administration	1,872,222	1,933,745	1,860,672	73,073
Fiscal	703,173	726,047	691,802	34,245
Business	9,649	9,967	9,616	351
Operation and maintenance of plant	2,730,711	2,819,221	2,676,847	142,374
Pupil transportation	1,927,228	1,990,719	1,920,206	70,513
Central	404,478	417,775	402,154	15,621
Non-instructional services:				
Extracurricular activities	369,910	382,099	368,644	13,455
Community service	11,240	11,611	11,202	409
Total expenditures	29,071,985	30,017,145	28,585,000	1,432,145
Deficiency of revenues under expenditures	(4,342,725)	(4,007,566)	(2,256,725)	1,750,841
Other financing sources (uses):				
Advances in	100,000	20,963	20,963	-
Transfers out	(500,000)	(500,000)	(500,000)	-
Advances out	(100,000)	(100,000)	-	100,000
Other uses	(7,500)	(7,500)	-	7,500
Other sources	-	77,883	80,908	3,025
Total other financing sources (uses):	(507,500)	(508,654)	(398,129)	110,525
Net change in fund balance	(4,850,225)	(4,516,220)	(2,654,854)	$ 1,861,366
Fund balance, beginning of year	20,755,919	20,755,919	20,755,919	
Prior year encumbrances appropriated	388,845	388,845	388,845	
Fund balance, end of year	$ 16,294,539	$ 16,628,544	$ 18,489,910	

See accompanying notes to required supplementary information.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Entity's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1293%	$ 7,690,007	$ 3,710,434	207.25%	65.52%
2015	0.1293%	6,544,609	3,795,613	172.43%	71.70%
2016	0.1260%	7,191,280	4,468,270	160.94%	69.16%
2017	0.1290%	9,441,316	4,469,986	211.22%	62.98%
2018	0.1321%	7,893,625	4,740,029	166.53%	69.50%
2019	0.1272%	7,282,416	4,731,000	153.93%	71.36%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

Changes of benefit and funding terms. In measurement year 2018, post-retirement increases in benefits included the following changes:

1. Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3% of their base benefit on the anniversary of their initial date of retirement.
2. Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019, and 2020.
3. Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Required Supplementary Information
Schedule of Entity's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1075%	$ 31,157,419	12,540,554	248.45%	69.30%
2015	0.1075%	26,156,472	10,942,523	239.04%	74.70%
2016	0.1087%	30,035,843	10,805,657	277.96%	72.09%
2017	0.1017%	34,038,959	11,457,886	297.08%	66.78%
2018	0.1069%	25,385,688	10,974,214	231.32%	75.30%
2019	0.1043%	22,925,275	12,836,650	178.59%	77.30%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Change in benefit terms. Effective July 1, 2017, the COLA was reduced to zero.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Entity Pension Contributions
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 513,524	$ (513,524)	$ -	$ 3,710,434	13.84%
2014	526,072	(526,072)	-	3,795,613	13.86%
2015	588,918	(588,918)	-	4,468,270	13.18%
2016	625,798	(625,798)	-	4,469,986	14.00%
2017	663,604	(663,604)	-	4,740,029	14.00%
2018	638,685	(638,685)	-	4,731,000	13.50%
2019	595,859	(595,859)	-	4,413,770	13.50%

(1) The School District elected not to present information prior to 2013. The School District will continue to present information for years available until a full ten-year trend is compiled.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Entity Pension Contributions
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 1,630,272	$ (1,630,272)	$ -	$ 12,540,554	13.00%
2014	1,422,528	(1,422,528)	-	10,942,523	13.00%
2015	1,512,792	(1,512,792)	-	10,805,657	14.00%
2016	1,604,104	(1,604,104)	-	11,457,886	14.00%
2017	1,536,390	(1,536,390)	-	10,974,214	14.00%
2018	1,797,131	(1,797,131)	-	12,836,650	14.00%
2019	1,753,281	(1,753,281)	-	12,523,436	14.00%

(1) The School District elected not to present information prior to 2013. The School District will continue to present information for years available until a full ten-year trend is compiled.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Entity's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1) (2)

	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.1305%	$ 3,718,403	$ 4,469,986	83.19%	11.49%
2018	0.1337%	3,588,591	4,740,029	75.71%	12.46%
2019	0.1287%	3,570,438	4,731,000	75.47%	13.57%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set back for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

Change in benefit and funding terms. In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Required Supplementary Information

Schedule of Entity's Proportionate Share of the Net OPEB Liability (Asset)

State Teachers Retirement System of Ohio

Last Three Fiscal Years (1) (2)

	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2017	0.1017%	$ 5,438,448	$ 11,457,886	47.46%	37.3%
2018	0.1069%	4,169,424	10,974,214	37.99%	47.1%
2019	0.1043%	(1,675,413)	12,836,650	(13.05%)	176.0%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

Change in assumption. For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* , and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capital health care costs were updated.

Change in benefit terms. For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipient was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

For measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Entity's OPEB Contributions
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 64,851	$ (64,851)	$ -	$ 4,469,986	1.45%
2017	83,163	(83,163)	-	4,740,029	1.75%
2018	91,849	(91,849)	-	4,731,000	1.94%
2019	76,878	(76,878)	-	4,413,770	1.74%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Entity OPEB Contributions
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ -	$ -	$ 11,457,886	0.00%
2017	-	-	-	10,974,214	0.00%
2018	-	-	-	12,836,650	0.00%
2019	-	-	-	12,523,436	0.00%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) STRS allocated the entire 14% employer contribution rate toward pension benefits.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to Budgetary Required Supplementary Information
Year Ended June 30, 2019

Note A **Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balances 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 budget must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

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

Encumbrances are treated as expenditures for all funds (budget basis) rather than as expenditures when liquidated (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

	General
Net change in fund balance - GAAP Basis	$ (2,470,245)
Increase / (decrease):	
Due to inclusion of Uniform School Supplies Fund	24,097
Due to inclusion of Public School Support Fund	(5,388)
Due to revenues	(207,819)
Due to expenditures	18,712
Due to other sources (uses)	101,871
Due to encumbrances	(116,082)
Net change in fund balance - Budget Basis	$ (2,654,854)

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NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Program Title	Pass-through Entity Number	Federal CFDA Number	Federal Revenues	Federal Expenditures
U.S. Department of Agriculture:				
(Passed through Ohio Department of Education)				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2019	10.555	$ 58,780	58,780
Cash Assistance				
School Breakfast Program	2019	10.553	139,200	139,200
National School Lunch Program	2019	10.555	408,612	408,612
Summer Food Service Program for Children	2019	10.559	23,387	23,387
Cash Assistance Subtotal			571,199	571,199
Nutrition Cluster Total			629,979	629,979
Total U.S. Department of Agriculture			629,979	629,979
U.S. Department of Education:				
(Passed through Ohio Department of Education)				
Title I Grants to Local Educational Agencies (2018)	S010A180035	84.010	54,327	41,161
Title I Grants to Local Educational Agencies (2019)	S010A180035	84.010	384,626	374,971
			438,953	416,132
Special Education Cluster				
Special Education - Preschool Grants (Preschool Restoration)	H173180119	84.173	2,676	2,676
Special Education - Preschool Grants (2019)	H173A180119	84.173	7,665	7,665
Special Education - Grants to States	2019	84.027	15,845	15,845
Special Education - Grants to States (2019)	H027A180111	84.027	513,098	513,098
Special Education Cluster Total			539,284	539,284
Supporting Effective Instruction State Grant (2019)	S367A180034	84.367	72,357	72,357
			72,357	72,357
Student Support and Academic Enrichment Program	S424A180036	84.424	33,723	33,723
Total U.S. Department of Education			1,084,317	1,061,496
Total Federal Awards			$ 1,714,296	1,691,475

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the New Richmond Exempted Village School District (the “School District”) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented 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 - 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE D - NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

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CLARK SCHAEFER HACKETT
CPAs & Advisors

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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*

INDEPENDENT AUDITORS' REPORT

To the Board of Education
New Richmond Exempted Village School District:

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 New Richmond Exempted Village School District ("School District") as of and for the year ended June 30, 2019, 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 12, 2019.

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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 12, 2019

CLARK SCHAEFER HACKETT
CPAs & Advisors

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Education
New Richmond Exempted Village School District:

Report on Compliance for Each Major Federal Program

We have audited New Richmond Exempted Village School District's ("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, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District 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, 2019.

Report on Internal Control Over Compliance

Management of the 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 the 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 the School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 12, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	none

Identification of major programs:

Nutrition Cluster
CFDA 10.553 – School Breakfast program
CFDA 10.555 – National School Lunch Program
CFDA 10.559 – Summer Food Service Program for Children

Dollar threshold to distinguish between Type A and Type B Programs:	$750,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings
None

Section III – Federal Award Findings and Questioned Costs
None

Section IV – Schedule of Prior Audit Findings
None

OHIO AUDITOR OF STATE
KEITH FABER

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

CLERMONT 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
JANUARY 21, 2020