



OHIO AUDITOR OF STATE
KEITH FABER



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2018**

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TUSCARAWAS COUNTY
JUNE 30, 2018**

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Newcomerstown Exempted Village School District
Tuscarawas County
702 South River Street
Newcomerstown, Ohio 43832

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized initial "K".

Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2019

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- In total, net position of governmental activities increased \$5,238,807 from 2017's restated net position.
- General revenues accounted for \$11,571,349 in revenue or 77.81% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,299,973 or 22.19% of total revenues of \$14,871,322.
- The District had \$9,632,515 in expenses related to governmental activities; \$3,299,973 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,571,349 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$12,987,047 in revenues and other financing sources and \$12,595,550 in expenditures. During fiscal year 2018, the general fund's fund balance increased \$391,497 from \$2,027,140 to \$2,418,637.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 15. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

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

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in the statement of fiduciary assets and liabilities on page 29. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-73 of this report.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 76-89 of this report.

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

The District as a Whole

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

	<u>Net Position</u>	
	Governmental Activities 2018	Restated Governmental Activities 2017
<u>Assets</u>		
Current and other assets	\$ 8,924,130	\$ 7,486,386
Capital assets, net	<u>6,062,198</u>	<u>6,145,604</u>
Total assets	<u>14,986,328</u>	<u>13,631,990</u>
<u>Deferred Outflows of Resources</u>		
Unamortized deferred charges on debt refunding	19,664	24,117
Pension	4,360,560	3,581,796
OPEB	<u>199,020</u>	<u>29,370</u>
Total deferred outflows of resources	<u>4,579,244</u>	<u>3,635,283</u>
<u>Liabilities</u>		
Current liabilities	1,558,308	1,581,449
Long-term liabilities:		
Due within one year	588,198	264,834
Due in more than one year:		
Net pension liability	13,446,809	17,967,093
Net OPEB liability	3,150,531	3,780,702
Other amounts	<u>2,124,703</u>	<u>1,557,068</u>
Total liabilities	<u>20,868,549</u>	<u>25,151,146</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	3,280,388	2,723,159
Pension	434,396	-
OPEB	<u>350,464</u>	<u>-</u>
Total deferred inflows of resources	<u>4,065,248</u>	<u>2,723,159</u>
<u>Net Position</u>		
Net investment in capital assets	4,224,241	5,107,371
Restricted	832,528	604,731
Unrestricted (deficit)	<u>(10,424,994)</u>	<u>(16,319,134)</u>
Total net position (deficit)	<u>\$ (5,368,225)</u>	<u>\$ (10,607,032)</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

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

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

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

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$6,855,700) to (\$10,607,032).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$5,368,225. Of this total, \$832,528 is restricted in use.

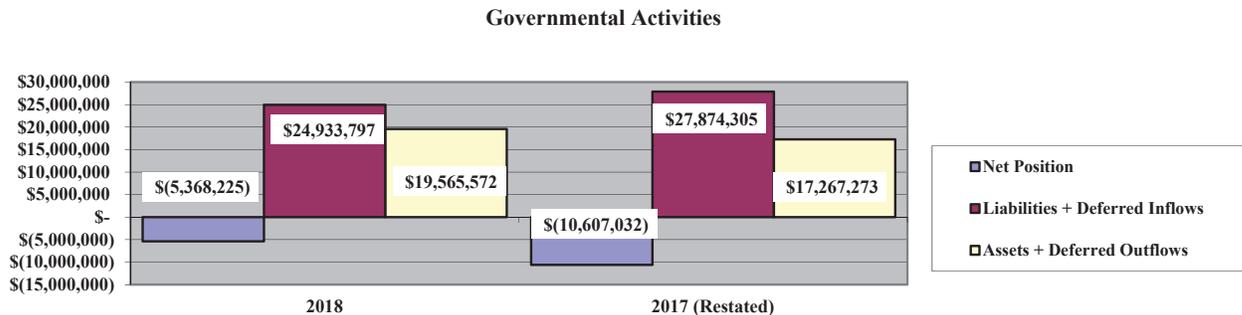
At fiscal year-end, capital assets represented 40.45% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2018, was \$4,224,241. These capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Long-term liabilities decreased primarily due to a decrease in the net pension liability. This factor is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to District employees, not the District.

A portion of the District's net position, \$832,528, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$10,424,994.

Current and other assets increased \$1,437,744 during 2018. This is primarily due to increases in cash and cash equivalents of \$939,870 mostly due to the issuance of energy conservation bonds during fiscal year 2018.

The graph below illustrates the governmental activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2018 and June 30, 2017. The amounts have been restated as described in Note 3.A.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

	Change in Net Position	
	Governmental Activities <u>2018</u>	Restated Governmental Activities <u>2017</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,079,338	\$ 1,104,283
Operating grants and contributions	2,220,635	2,414,407
General revenues:		
Property taxes	3,657,679	3,337,292
Grants and entitlements	7,707,908	7,520,220
Investment earnings	-	1
Other	<u>205,762</u>	<u>175,772</u>
Total revenues	<u>14,871,322</u>	<u>14,551,975</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 2,915,867	\$ 5,146,723
Special	1,405,373	2,406,603
Vocational	3,018	3,108
Other	609,089	640,505
Support services:		
Pupil	333,181	699,333
Instructional staff	243,842	250,006
Board of education	25,083	32,476
Administration	704,607	1,193,744
Fiscal	184,036	251,324
Operations and maintenance	1,771,815	1,879,564
Pupil transportation	406,956	674,353
Central	158,893	274,745
Operations of non-instructional:		
Food service operations	473,465	699,996
Other non-instructional services	38,431	21,204
Extracurricular activities	283,616	429,184
Interest and fiscal charges	<u>75,243</u>	<u>68,188</u>
Total expenses	<u>9,632,515</u>	<u>14,671,056</u>
Change in net position	5,238,807	(119,081)
Net position (deficit) at beginning of year (restated)	<u>(10,607,032)</u>	<u>N/A</u>
Net position (deficit) at end of year	<u>\$ (5,368,225)</u>	<u>\$ (10,607,032)</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

Governmental Activities

Net position of the District's governmental activities increased \$5,238,807. Total governmental expenses of \$9,632,515 were offset by program revenues of \$3,299,973 and general revenues of \$11,571,349. Program revenues supported 34.26% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements not restricted to specific programs. These revenue sources represent 76.43% of total governmental revenue. Unrestricted grants and entitlements increased \$187,688 in fiscal year 2018 due to an increase in capacity aid state foundation funding. The increase in property taxes was attributable to increased valuation of property and the collections on the 9.2 mill operating levy renewed in November 2016. Actual cash-basis property tax receipts for fiscal year 2018 and 2017 were \$3,750,073 and \$3,232,732, respectively. Fluctuations in the amount of property taxes collected by the county auditors and available for advance also effected the property tax revenue reported on a GAAP basis. These amounts are reported as revenue and can fluctuate between years depending upon when tax bills are sent.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$29,370 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$408,912. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$ 9,632,515
Negative OPEB expense under GASB 75	408,912
2018 contractually required contributions	<u>40,445</u>
Adjusted 2018 program expenses	10,081,872
Total 2017 program expenses under GASB 45	<u>14,671,056</u>
Decrease in program expenses not related to OPEB	<u>\$ (4,589,184)</u>

Overall, expenses of the governmental activities decreased \$5,038,541 or 34.34%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported (\$3,896,026) in pension expense and (\$408,912) in OPEB expense mainly due to these benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities. To assess fluctuations in program expenses, the increase or decrease in pension expense should be factored into the analysis.

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

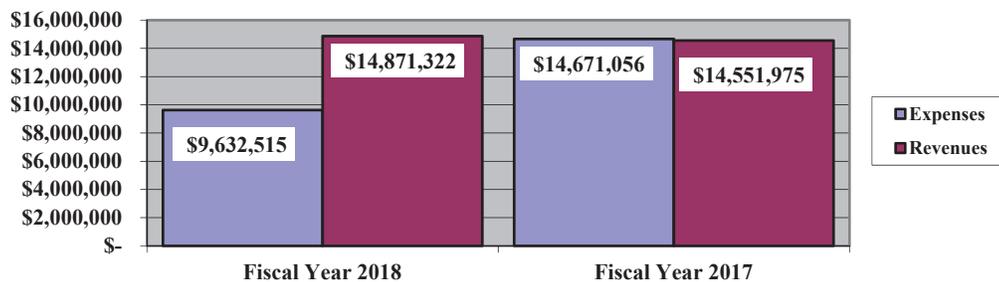
Pension expense, by function, for 2018 and 2017 follows:

	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Program expenses:			
Instruction:			
Regular	\$ (1,696,545)	\$ 678,284	\$ (2,374,829)
Special	(687,800)	302,747	(990,547)
Support services:			
Pupil	(126,355)	51,101	(177,456)
Instructional staff	(109,593)	33,565	(143,158)
Board of education	(3,853)	1,838	(5,691)
Administration	(458,301)	159,507	(617,808)
Fiscal	(81,493)	28,317	(109,810)
Operations and maintenance	(272,919)	104,482	(377,401)
Pupil transportation	(176,494)	72,096	(248,590)
Central	(78,481)	38,018	(116,499)
Operation of non-instructional services:			
Food service operations	(101,418)	35,357	(136,775)
Extracurricular activities	(102,774)	41,915	(144,689)
Total	\$ (3,896,026)	\$ 1,547,227	\$ (5,443,253)

The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,933,347 or 51.22% of total governmental expenses for fiscal year 2018. The decrease of \$3,263,592 from 2017 can be attributed to pension adjustments made by the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) as discussed on the previous page.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2018 and 2017:

Governmental Activities - Revenues and Expenses



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated above, fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
Program expenses				
Instruction:				
Regular	\$ 2,915,867	\$ 2,147,906	\$ 5,146,723	\$ 4,487,067
Special	1,405,373	(333,926)	2,406,603	354,185
Vocational	3,018	(4,582)	3,108	(4,725)
Other	609,089	609,089	640,505	640,505
Support services:				
Pupil	333,181	333,181	699,333	699,333
Instructional staff	243,842	243,842	250,006	250,006
Board of education	25,083	25,083	32,476	32,476
Administration	704,607	704,607	1,193,744	1,193,744
Fiscal	184,036	184,036	251,324	251,324
Operations and maintenance	1,771,815	1,766,353	1,879,564	1,876,558
Pupil transportation	406,956	388,620	674,353	653,874
Central	158,893	158,893	274,745	274,745
Operation of non-instructional:				
Food service operations	473,465	(166,117)	699,996	63,206
Other non-instructional services	38,431	37,481	21,204	6,305
Extracurricular activities	283,616	162,833	429,184	305,575
Interest and fiscal charges	<u>75,243</u>	<u>75,243</u>	<u>68,188</u>	<u>68,188</u>
Total expenses	<u>\$ 9,632,515</u>	<u>\$ 6,332,542</u>	<u>\$ 14,671,056</u>	<u>\$ 11,152,366</u>

The dependence upon tax and other general revenues for governmental activities is apparent, as 49.02% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 65.74%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for the District's students.

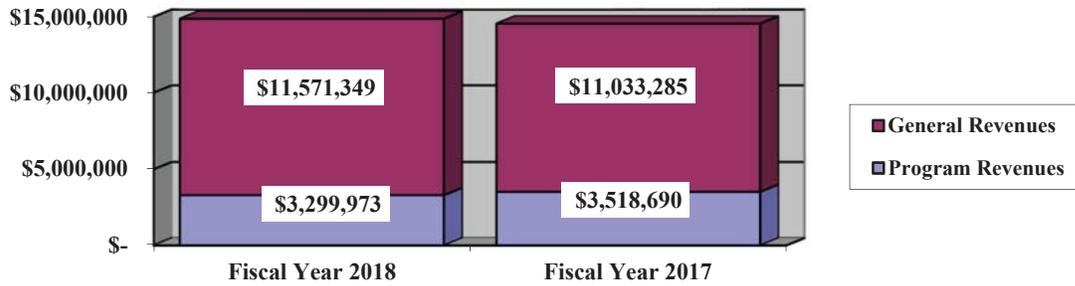
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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,203,302 which is more than last year's balance of \$2,400,174. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	<u>Fund Balance June 30, 2018</u>	<u>Fund Balance June 30, 2017</u>	<u>Change</u>
General	\$ 2,418,637	\$ 2,027,140	\$ 391,497
Other Governmental	<u>784,665</u>	<u>373,034</u>	<u>411,631</u>
Total	<u>\$ 3,203,302</u>	<u>\$ 2,400,174</u>	<u>\$ 803,128</u>

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

General Fund

The District's general fund's fund balance increased by \$391,497.

The table that follows assists in illustrating the financial activities and fund balance of the general fund for fiscal years 2018 and 2017.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,385,107	\$ 3,103,007	\$ 282,100	9.09 %
Tuition	840,030	862,424	(22,394)	(2.60) %
Intergovernmental	8,353,080	8,186,273	166,807	2.04 %
Other revenues	<u>143,982</u>	<u>107,245</u>	<u>36,737</u>	34.26 %
Total	<u>\$ 12,722,199</u>	<u>\$ 12,258,949</u>	<u>\$ 463,250</u>	3.78 %
<u>Expenditures</u>				
Instruction	\$ 6,968,535	\$ 6,417,561	\$ 550,974	8.59 %
Support services	5,035,599	4,738,765	296,834	6.26 %
Operation of non-instructional services	36,190	5,114	31,076	607.67 %
Extracurricular activities	259,784	241,256	18,528	7.68 %
Facilities acquisition and construction	18,024	15,485	2,539	16.40 %
Capital outlay	264,848	-	264,848	N/A
Debt service	<u>12,570</u>	<u>23,123</u>	<u>(10,553)</u>	(45.64) %
Total	<u>\$ 12,595,550</u>	<u>\$ 11,441,304</u>	<u>\$ 1,154,246</u>	10.09 %

Overall revenues of the general fund increased \$463,250 or 3.78%. Tax revenue increased \$282,100 or 9.09% due to increased valuation of property and the collections on the 9.2 mill operating levy renewed in November 2016. Actual cash-basis property tax receipts for the general fund for fiscal year 2018 and 2017 were \$3,505,959 and \$3,009,680, respectively. Fluctuations in the amount of property taxes collected by the county auditors and available for advance also effected the property tax revenue reported on a GAAP basis. These amounts are reported as revenue and can fluctuate between years depending upon when tax bills are sent. Tuition revenue decreased 2.60% during the year due to a decrease in collections for students attending special education programs. Intergovernmental revenue increased due to increased funding from the State of Ohio in the form of Foundation payments. Other revenues increased \$36,737 or 34.26% due to miscellaneous project resales and donations received by the District.

Overall expenditures of the general fund increased \$1,154,246 or 10.09%. This increase is mainly attributable to increases in instructional expenditures, specifically an increase in regular expenses associated with the high school. The District also entered into a capital lease in fiscal year 2018, which is included as a capital outlay expenditure.

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$12,000,000 and final budgeted revenues and other financing sources were \$12,700,000. Actual revenues and other financing sources for fiscal year 2018 were \$12,901,785. This represents a \$201,785 increase over final budgeted revenues.

General fund original appropriations were \$12,426,662 and final appropriations and other financing uses were \$12,546,019. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled \$12,358,695, which was \$187,324 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District had \$6,062,198 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2018 balances compared to June 30, 2017.

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2018</u>	<u>2017</u>
Land	\$ 121,788	\$ 121,788
Construction in progress	129,402	-
Land improvements	501,827	594,018
Building and improvements	4,487,934	4,702,742
Furniture and equipment	622,248	565,934
Vehicles	<u>198,999</u>	<u>161,122</u>
Total	<u>\$ 6,062,198</u>	<u>\$ 6,145,604</u>

The overall decrease in capital assets of \$83,406 is due to depreciation expense of \$586,845 exceeding capital asset additions of \$503,439 in the fiscal year.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

Debt Administration

At June 30, 2018, the District had \$1,656,426 in general obligation bonds, \$264,848 in capital leases and \$199,800 in promissory notes outstanding. Of this total, \$524,397 is due within one year and \$1,596,677 is due in greater than one year.

The following table summarizes the debt outstanding at June 30, 2018 and June 30, 2017.

Outstanding Debt, at Year End

	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
General obligation bonds	\$ 1,656,426	\$ 1,070,139
Capital leases	264,848	7,628
Promissory note	<u>199,800</u>	<u>199,800</u>
Total	<u>\$ 2,121,074</u>	<u>\$ 1,277,567</u>

At June 30, 2018, the District's overall legal debt margin was \$9,784,711, and the unvoted debt margin was \$120,858.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District has committed itself to educational and financial excellence. With leadership from the Board of Education and prudent fiscal planning, resources are allocated to meet the educational goals and challenges of our students. The District has been very frugal and has carefully managed its general fund budget in order to get the maximum value for the tax dollars available for educating the students of the Newcomerstown Exempted Village School District.

The District passed an 8 mill, five-year emergency levy in the February 2006 special election (by a vote of 58% to 42%). This was the fourth try for additional operating revenue and this is the first new, additional operating funds the District had received in the last 13 years. The Levy was renewed at the May 2009 and November 2015 elections and generates \$750,000 annually.

The District also renewed a current 9.2 mill operating levy November 2016. This operating levy generates approximately \$527,100 annually.

The District recently settled a three-year contract on wages and benefits with both the certified and classified associations. The contract expires on June 30, 2021. Therefore, the District will begin negotiations with both associations in the spring of 2021.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and credits with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information please contact Christie Green, Treasurer, Newcomerstown Exempted Village School District, 702 S. River Street, Newcomerstown, Ohio 43832.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 4,642,434
Receivables:	
Property taxes	4,044,024
Intergovernmental	205,709
Prepayments	24,401
Materials and supplies inventory.	1,284
Inventory held for resale.	6,278
Capital assets:	
Nondepreciable capital assets	251,190
Depreciable capital assets, net.	5,811,008
Capital assets, net.	6,062,198
Total assets.	14,986,328
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	19,664
Pension (Note 13)	4,360,560
OPEB (Note 14)	199,020
Total deferred outflows of resources	4,579,244
Total assets and deferred outflows of resources	19,565,572
Liabilities:	
Accounts payable.	26,672
Accrued wages and benefits payable	1,101,427
Intergovernmental payable	45,891
Pension and postemployment benefits payable.	187,574
Accrued interest payable	6,022
Claims payable.	190,722
Long-term liabilities:	
Due within one year.	588,198
Due in more than one year:	
Net pension liability (Note 13)	13,446,809
Net OPEB liability (Note 14).	3,150,531
Other amounts due in more than one year	2,124,703
Total liabilities	20,868,549
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	3,280,388
Pension (Note 13)	434,396
OPEB (Note 14)	350,464
Total deferred inflows of resources	4,065,248
Total liabilities and deferred inflows of resources	24,933,797
Net position:	
Net investment in capital assets	4,224,241
Restricted for:	
Capital projects	46,360
Permanent fund - expendable	96,043
Classroom facilities maintenance	284,074
Debt service.	347,941
State funded programs.	4,918
Federally funded programs	3,941
Student activities	49,251
Unrestricted (deficit)	(10,424,994)
Total net position (deficit).	\$ (5,368,225)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 3,048,870	\$ 911,867	\$ 3,960,737
Receivables:			
Property taxes.	3,781,406	262,618	4,044,024
Interfund loans	110,000	-	110,000
Intergovernmental.	73,340	132,369	205,709
Prepayments.	23,832	569	24,401
Materials and supplies inventory.	-	1,284	1,284
Inventory held for resale.	-	6,278	6,278
Total assets	<u>\$ 7,037,448</u>	<u>\$ 1,314,985</u>	<u>\$ 8,352,433</u>
Liabilities:			
Accounts payable	\$ 24,751	\$ 1,921	\$ 26,672
Accrued wages and benefits payable	940,510	160,917	1,101,427
Compensated absences payable	4,656	-	4,656
Intergovernmental payable	44,163	1,728	45,891
Pension and postemployment benefits payable.	169,936	17,638	187,574
Interfund loans payable.	-	110,000	110,000
Total liabilities.	<u>1,184,016</u>	<u>292,204</u>	<u>1,476,220</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	3,067,615	212,773	3,280,388
Delinquent property tax revenue not available.	325,856	23,418	349,274
Intergovernmental revenue not available.	41,324	1,925	43,249
Total deferred inflows of resources	<u>3,434,795</u>	<u>238,116</u>	<u>3,672,911</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	-	1,284	1,284
Prepays.	23,832	569	24,401
Restricted:			
Debt service	-	447,501	447,501
Capital improvements	-	46,360	46,360
Classroom facilities maintenance	-	280,070	280,070
Other purposes.	-	6,934	6,934
Extracurricular activities.	-	49,219	49,219
Permanent fund.	-	96,043	96,043
Assigned:			
Student and staff support.	59,005	-	59,005
School supplies.	62,379	-	62,379
Subsequent year's appropriations	207,749	-	207,749
Unassigned (deficit)	<u>2,065,672</u>	<u>(143,315)</u>	<u>1,922,357</u>
Total fund balances	<u>2,418,637</u>	<u>784,665</u>	<u>3,203,302</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,037,448</u>	<u>\$ 1,314,985</u>	<u>\$ 8,352,433</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

Total governmental fund balances		\$	3,203,302
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,062,198
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	349,274	
Intergovernmental receivable		43,249	
Total		<u>392,523</u>	392,523
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			490,975
Unamortized premiums on bonds issued are not recognized in the funds.			(52,775)
Unamortized amounts on refundings are not recognized in the funds.			19,664
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(6,022)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		4,360,560	
Deferred inflows of resources - pension		(434,396)	
Net pension liability		<u>(13,446,809)</u>	
Total			(9,520,645)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - OPEB		199,020	
Deferred inflows of resources - OPEB		(350,464)	
Net OPEB liability		<u>(3,150,531)</u>	
Total			<u>(3,301,975)</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(534,396)	
Capital lease obligations		(264,848)	
Notes payable		(199,800)	
General obligation current interest bonds		(780,000)	
General obligation capital appreciation bonds		(9,998)	
Accreted interest on capital appreciation bonds		(116,428)	
Energy conservation bonds - series 2017		<u>(750,000)</u>	
Total			<u>(2,655,470)</u>
Net position of governmental activities		\$	<u>(5,368,225)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 3,385,107	\$ 233,487	\$ 3,618,594
Tuition.	840,030	-	840,030
Charges for services	-	103,475	103,475
Extracurricular.	41,409	79,374	120,783
Classroom materials and fees	14,975	-	14,975
Rental income	75	-	75
Contributions and donations	56,380	118,239	174,619
Other local revenues	31,143	-	31,143
Intergovernmental - state	8,315,298	225,060	8,540,358
Intergovernmental - federal	37,782	1,392,906	1,430,688
Total revenues	<u>12,722,199</u>	<u>2,152,541</u>	<u>14,874,740</u>
Expenditures:			
Current:			
Instruction:			
Regular.	4,946,485	24,012	4,970,497
Special	1,412,961	904,064	2,317,025
Other	609,089	-	609,089
Support services:			
Pupil	504,276	-	504,276
Instructional staff	340,223	-	340,223
Board of education	30,338	-	30,338
Administration	1,316,643	4,425	1,321,068
Fiscal	291,651	-	291,651
Operations and maintenance	1,596,613	500,198	2,096,811
Pupil transportation	686,972	-	686,972
Central	268,883	-	268,883
Operation of non-instructional services:			
Food service operations.	-	608,707	608,707
Other non-instructional services.	36,190	951	37,141
Extracurricular activities	259,784	76,746	336,530
Facilities acquisition and construction.	18,024	129,901	147,925
Capital outlay	264,848	-	264,848
Debt service:			
Principal retirement.	7,628	200,000	207,628
Interest and fiscal charges	4,942	41,906	46,848
Total expenditures	<u>12,595,550</u>	<u>2,490,910</u>	<u>15,086,460</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>126,649</u>	<u>(338,369)</u>	<u>(211,720)</u>
Other financing sources:			
Issuance of bonds.	-	750,000	750,000
Capital lease transaction	264,848	-	264,848
Total other financing sources	<u>264,848</u>	<u>750,000</u>	<u>1,014,848</u>
Net change in fund balances	391,497	411,631	803,128
Fund balances at beginning of year.	<u>2,027,140</u>	<u>373,034</u>	<u>2,400,174</u>
Fund balances at end of year.	<u>\$ 2,418,637</u>	<u>\$ 784,665</u>	<u>\$ 3,203,302</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	803,128
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 503,439	
Current year depreciation	<u>(586,845)</u>	
Total		(83,406)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	39,085	
Intergovernmental	<u>(42,503)</u>	
Total		(3,418)
Repayment of bond, note, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	200,000	
Capital leases	<u>7,628</u>	
Total		207,628
Issuance of bonds and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as revenue as they increase liabilities on the statement of net position.		
Bonds	(750,000)	
Capital leases	<u>(264,848)</u>	
Total		(1,014,848)
In the statement of activities, interest is accrued on outstanding bonds, whereas, in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	396	
Accreted interest on capital appreciation bonds	(36,287)	
Amortization of bond premiums	11,949	
Amortization of deferred charges	<u>(4,453)</u>	
Total		(28,395)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		968,626
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		3,896,026
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		40,445
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		408,912
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(58,030)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>102,139</u>
Change in net position of governmental activities	\$	<u><u>5,238,807</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 3,305,745	\$ 3,360,148	\$ 3,505,959	\$ 145,811
Tuition	792,059	835,000	840,030	5,030
Rental income	71	-	75	75
Contributions and donations	53,160	55,852	56,380	528
Other local revenues	29,365	-	31,143	31,143
Intergovernmental - state	7,783,976	8,239,000	8,255,416	16,416
Intergovernmental - federal	35,624	35,000	37,782	2,782
Total revenues	<u>12,000,000</u>	<u>12,525,000</u>	<u>12,726,785</u>	<u>201,785</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,128,242	5,033,514	4,904,715	128,799
Special	1,416,831	1,410,826	1,404,605	6,221
Other	574,434	572,625	596,836	(24,211)
Support services:				
Pupil	475,278	473,379	499,944	(26,565)
Instructional staff	293,159	302,137	330,146	(28,009)
Board of education	32,977	32,837	33,078	(241)
Administration	1,276,346	1,271,556	1,303,912	(32,356)
Fiscal	299,643	298,373	287,609	10,764
Operations and maintenance	1,626,740	1,679,597	1,618,984	60,613
Pupil transportation	690,934	726,650	712,472	14,178
Central	324,866	323,489	276,799	46,690
Operation of non-instructional services:				
Other non-instructional services	262	36,427	36,190	237
Extracurricular activities	225,547	224,591	220,519	4,072
Facilities acquisition and construction	61,403	45,643	18,024	27,619
Debt service:				
Interest and fiscal charges	-	4,375	4,862	(487)
Total expenditures	<u>12,426,662</u>	<u>12,436,019</u>	<u>12,248,695</u>	<u>187,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(426,662)</u>	<u>88,981</u>	<u>478,090</u>	<u>389,109</u>
Other financing sources (uses):				
Advances in	-	175,000	175,000	-
Advances (out)	-	(110,000)	(110,000)	-
Total other financing sources (uses)	<u>-</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Net change in fund balance	(426,662)	153,981	543,090	389,109
Fund balance at beginning of year	2,334,717	2,334,717	2,334,717	-
Prior year encumbrances appropriated	48,665	48,665	48,665	-
Fund balance at end of year	<u>\$ 1,956,720</u>	<u>\$ 2,537,363</u>	<u>\$ 2,926,472</u>	<u>\$ 389,109</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 681,697
Total assets	<u>681,697</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>190,722</u>
Total liabilities	<u>190,722</u>
Net position:	
Unrestricted	<u>490,975</u>
Total net position	<u><u>\$ 490,975</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 2,343,030
Total operating revenues	2,343,030
Operating expenses:	
Claims	2,240,891
Total operating expenses.	2,240,891
Operating income and change in net position	102,139
Net position at beginning of year.	388,836
Net position at end of year	\$ 490,975

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from interfund services	\$ 2,343,030
Cash payments for claims	<u>(2,285,610)</u>
Net cash provided by operating activities	<u>57,420</u>
Net increase in cash and cash equivalents	57,420
Cash and cash equivalents at beginning of year	<u>624,277</u>
Cash and cash equivalents at end of year	<u><u>\$ 681,697</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 102,139
Changes in assets and liabilities: Decrease in claims payable	<u>(44,719)</u>
Net cash provided by operating activities.	<u><u>\$ 57,420</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2018

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 60,481
Total assets.	\$ 60,481
Liabilities:	
Accounts payable.	\$ 237
Due to students.	60,244
Total liabilities	\$ 60,481

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Newcomerstown Exempted Village School District (the “District”) is organized under Article VI, Sections 2 and 3 of the constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1856 through the consolidation of existing land areas and school districts. The District is staffed by 56 non-certified employees, 84 certified full-time teaching personnel and 11 administrative employees who provide services to 1,011 students and other community members. The District currently operates 4 instructional buildings, 1 administrative building and 1 garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

JOINTLY GOVERNED ORGANIZATIONS

Buckeye Career Center

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

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records and test scoring.

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

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

OME-RESA is owned and operated by 43 member districts in 11 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2018, the District paid \$29,055 to OME-RESA for various services.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. TCTIRC has 56 members, consisting of three members appointed by the County Commissioners, 22 members appointed by municipal corporations, 12 members appointed by township trustees, two members from the county auditor's office, 16 members appointed by Boards of Education located within the county, and one member representing the Economic Development and Finance Alliance. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

The District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations. During fiscal year 2018, no monies were paid to the TCTIRC by the District.

PUBLIC ENTITY RISK POOL

Workers' Compensation Group Rating Program

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

C. Basis of Presentation and Measurement Focus

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Basis of Accounting

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 13 and 14 for deferred outflows of resources related to the District's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

E. Budgets

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control has been established by the Board of Education at the fund level of expenditures for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

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

TAX BUDGET

On July 25, 2002, the Tuscarawas County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. In order to complete other necessary documents, the Budget Commission now requires certain information to be filed by May 1. Information required includes the general fund five-year forecast submitted to the Department of Education, projected revenues and expenditures line items for all levy funds, projected revenues and debt requirements (principal and interest) and amortization schedules for the debt service fund, and balances and total anticipated activity for all other funds.

ESTIMATED RESOURCES

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

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

APPROPRIATIONS

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriations resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriations resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education.

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

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

LAPSING OF APPROPRIATIONS

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

F. Cash and Cash Equivalents

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

The District held no investments during fiscal year 2018.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the private-purpose trust funds. During fiscal year 2018 there was no interest revenue credited to the general fund.

G. Prepayments

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

H. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their fair value. Inventories are recorded on a first-in, first-out basis and are expended when used. Inventories are accounted for using the consumption method.

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition value. The District maintains two capitalization thresholds: \$15,000 for land and building improvements and \$5,000 for all other potential assets. 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. The District does not possess infrastructure.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	10 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to other governmental funds are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental type activities columns of the statement of net position.

K. Compensated Absences

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2018, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future, all employees at least 50 years of age with 10 years of service or any age with at least 20 years of service, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

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

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

M. Fund Balance

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

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

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

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

N. Net Position

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

O. Estimates

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

P. Interfund Activity

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

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

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

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

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

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

R. Pensions/Other Postemployment Benefits (OPEB)

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

S. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

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

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 14 to the basic financial statements, and added required supplementary information which is presented on pages 76-89.

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

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

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

	Governmental Activities
Net position as previously reported	\$ (6,855,700)
Deferred outflows - payments subsequent to measurement date	29,370
Net OPEB liability	(3,780,702)
Restated net position at July 1, 2017	\$ (10,607,032)

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

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 138,554
Public school preschool	409
IDEA Part B	1,596
Title I - disadvantaged children	935

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. The food service fund also has fund balance of \$1,821 that is classified as being nonspendable, resulting in a total unassigned (deficit) fund balance of \$143,315 reported on the balance sheet.

NOTE 4 - DEPOSITS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit or by savings or deposit accounts including passbook accounts.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 - DEPOSITS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance for a period not to exceed 180 days and commercial paper notes for a period not to exceed 270 days from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS - (Continued)

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

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

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	<u>\$ 4,702,915</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 4,642,434
Agency fund	<u>60,481</u>
Total	<u>\$ 4,702,915</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2018 as reported on the fund statements consist of the following amounts interfund loan receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 110,000</u>

This interfund balance will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net position.

NOTE 6 - PROPERTY TAXES

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6 - PROPERTY TAXES – (Continued)

The District receives property taxes from Tuscarawas, Guernsey and Coshocton Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was \$387,935 in the general fund, \$4,656 in the classroom maintenance fund (a nonmajor governmental fund) and \$21,771 in the debt service fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2017 was \$508,787 in the general fund, \$6,156 in the classroom maintenance fund (a nonmajor governmental fund) and \$30,898 in the debt service fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2017 Second Half Collections		2018 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 98,205,670	87.62	\$ 98,086,190	81.16
Public utility personal	<u>13,870,650</u>	<u>12.38</u>	<u>22,771,680</u>	<u>18.84</u>
Total	<u>\$ 112,076,320</u>	<u>100.00</u>	<u>\$ 120,857,870</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation:	 \$51.20		 \$50.80	

NOTE 7 - RECEIVABLES

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

Governmental activities:	
Property taxes	\$ 4,044,024
Intergovernmental	<u>205,709</u>
Total	<u>\$ 4,249,733</u>

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/18</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 121,788	\$ -	\$ -	\$ 121,788
Construction in progress	-	129,402	-	129,402
Total capital assets, not being depreciated	<u>121,788</u>	<u>129,402</u>	<u>-</u>	<u>251,190</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,880,739	-	-	1,880,739
Buildings and improvements	11,337,788	-	-	11,337,788
Furniture and equipment	1,817,390	289,260	(8,444)	2,098,206
Vehicles	803,179	84,777	-	887,956
Total capital assets, being depreciated	<u>15,839,096</u>	<u>374,037</u>	<u>(8,444)</u>	<u>16,204,689</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,286,721)	(92,191)	-	(1,378,912)
Buildings and improvements	(6,635,046)	(214,808)	-	(6,849,854)
Furniture and equipment	(1,251,456)	(232,946)	8,444	(1,475,958)
Vehicles	(642,057)	(46,900)	-	(688,957)
Total accumulated depreciation	<u>(9,815,280)</u>	<u>(586,845)</u>	<u>8,444</u>	<u>(10,393,681)</u>
Governmental activities capital assets, net	<u>\$ 6,145,604</u>	<u>\$ (83,406)</u>	<u>\$ -</u>	<u>\$ 6,062,198</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 288,944
Special	33,771
Vocational	3,018

Support services:

Pupil	4,372
Instructional staff	30,849
Administration	11,722
Fiscal	3,686
Operations and maintenance	45,917
Pupil transportation	46,900
Other non-instructional services	1,290
Food service operations	28,306
Extracurricular	<u>88,070</u>
Total depreciation expense	<u>\$ 586,845</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

During the current fiscal year and a prior fiscal year, the District entered into capital lease agreements for copier equipment. The lease agreements meet the criteria of capital leases, as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$366,955. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2018 was \$128,592, leaving a current book value of \$238,363. A corresponding liability was recorded on the statement of net position. Principal and interest payments in the 2018 fiscal year totaled \$7,628 and \$80, respectively, paid by the general fund.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 59,976
2020	59,976
2021	59,976
2022	59,976
2023	<u>59,976</u>
Total minimum lease payments	299,880
Less: Amount representing interest	<u>(35,032)</u>
Total	<u>\$ 264,848</u>

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2018, the following changes occurred in governmental activities' long-term obligations. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

<u>Governmental activities:</u>	Restated Balance 06/30/17	<u>Increases</u>	<u>Decreases</u>	Balance 06/30/18	Amount Due Within One Year
<u>General obligation bonds</u>					
Current interest refunding bonds-series 2010	\$ 980,000	\$ -	\$ (200,000)	\$ 780,000	\$ 205,000
Capital appreciation refunding bonds-series 2010	9,998	-	-	9,998	-
Accreted interest-series 2010	80,141	36,287	-	116,428	-
Energy conservation bonds - series 2017	-	750,000	-	750,000	71,777
Total general obligation bonds	<u>1,070,139</u>	<u>786,287</u>	<u>(200,000)</u>	<u>1,656,426</u>	<u>276,777</u>
Promissory note	199,800	-	-	199,800	199,800
Capital leases	7,628	264,848	(7,628)	264,848	47,820
Net pension liability	17,967,093	-	(4,520,284)	13,446,809	-
Net OPEB liability	3,780,702	-	(630,171)	3,150,531	-
Compensated absences	<u>479,611</u>	<u>171,915</u>	<u>(112,474)</u>	<u>539,052</u>	<u>63,801</u>
Total long-term obligations	<u>\$ 23,504,973</u>	<u>\$ 1,223,050</u>	<u>\$ (5,470,557)</u>	<u>19,257,466</u>	<u>\$ 588,198</u>
				Add: Unamortized premium on bonds - 2010	<u>52,775</u>
				Total reported on statement of net position	<u>\$ 19,310,241</u>

Capital Lease Obligations: Capital lease obligations will be paid from the General Fund. See Note 9 for additional details.

Net Pension Liability: The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability: The District's net OPEB liability is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences: The District pays compensated absences from the fund from which the employees' salaries are paid which, for the District, primarily includes the general fund, the food service fund (a nonmajor governmental fund), and the Title I fund (a nonmajor governmental fund).

B. Series 2010 Refunding General Obligation Bonds

On December 1, 2010, the District issued general obligation bonds (Series 2010 Refunding Bonds) to currently refund the callable portion of the Series 2001 school improvement general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of both current interest bonds, par value \$2,100,000, and capital appreciation bonds par value \$9,998. The interest rates on the current interest bonds range from 2.00% - 4.25%. The capital appreciation bonds mature on December 1, 2019 (stated interest rate 36.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2019 is \$210,000. Total accreted interest of \$116,428 has been included in the statement of net position at June 30, 2018.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022. Debt payments will be made from the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$53,434. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments by \$338,893 and resulted in an economic gain of \$212,481.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Refunding 2010			Capital Appreciation Bonds - Refunding 2010		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 205,000	\$ 26,962	\$ 231,962	\$ -	\$ -	\$ -
2020	-	23,375	23,375	9,998	200,002	210,000
2021	210,000	19,175	229,175	-	-	-
2022	215,000	10,675	225,675	-	-	-
2023	150,000	3,188	153,188	-	-	-
Total	<u>\$ 780,000</u>	<u>\$ 83,375</u>	<u>\$ 863,375</u>	<u>\$ 9,998</u>	<u>\$ 200,002</u>	<u>\$ 210,000</u>

C. Series 2017 Energy Conservation Improvement Bonds

During fiscal year 2018, the District issued energy conservation bonds in the amount of \$750,000 to provide for energy improvements to various District buildings. The bonds bear an interest rate of 3.25%. The primary source of repayment of this obligation is through energy savings as a result of the improvements. Payments of principal and interest are due semi-annually on February 12 and August 12, with the final maturity on February 12, 2028 and are recorded as expenditures in the general fund.

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future debt service requirements to maturity for the energy conservation bonds:

Fiscal Year Ended	Series 2017 Energy Conservation Bonds		
	Principal	Interest	Total
2019	\$ 71,777	\$ 15,909	\$ 87,686
2020	65,910	21,777	87,687
2021	68,040	19,646	87,686
2022	70,354	17,333	87,687
2023	72,689	14,998	87,687
2024 - 2028	401,230	37,203	438,433
Total	\$ 750,000	\$ 126,866	\$ 876,866

D. Promissory Note

On January 28, 2016, the District signed a promissory note with First National Bank of Dennison for \$250,000. The note proceeds were used for track improvements. These improvements were not considered to be capital improvements and therefore are not included as capital assets.

Payments of principal and interest relating to the promissory note are recorded as expenditures in the Lee Stadium Track Loan nonmajor capital improvement fund. The unmatured obligation at year end is accounted for in the statement of net position.

The District will pay regular annual payments of interest of 4% beginning January 28, 2017. On January 27, 2017, the District paid \$60,375 to The First National Bank of Dennison in regards to this note with \$10,175 representing the annual interest payment. The remaining balance will be paid at maturity on August 27, 2018.

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of \$9,784,711 (including available funds of \$447,501) and an unvoted debt margin of \$120,858.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 11 - EMPLOYEE BENEFITS

A. 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 year, depending upon length of service. 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 a maximum of 220 days for classified employees and 255 days for certified employees. However, severance payment shall be paid for a maximum of 240 days for certified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 55 days for all classified employees and 60 days for certified employees.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to employees through Medical Life Insurance Company in the amount of \$30,000.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District contracted with Ohio School Plan for property insurance, for fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio School Plan are as follows:

Building and contents - replacement cost (\$1,000 deductible)	\$57,788,951
Automobile liability (Buses, \$1,000 deductible; Other, \$250/\$500 deductible)	5,000,000
Professional liability:	
Per occurrence	5,000,000
Per aggregate	7,000,000

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

B. Workers' Compensation

For fiscal year 2018, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the Plan.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - RISK MANAGEMENT – (Continued)

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

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$190,722 reported in the internal service fund at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2018	\$ 235,441	\$ 2,240,891	\$ (2,285,610)	\$ 190,722
2017	296,170	2,071,206	(2,131,935)	235,441

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District’s contractually required contribution to SERS was \$253,346 for fiscal year 2018. Of this amount, \$27,805 is reported as pension and postemployment benefits payable.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - 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 fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$715,280 for fiscal year 2018. Of this amount, \$125,168 is reported as pension and postemployment benefits payable.

Net Pension Liability

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.05303000%	0.04208102%	
Proportion of the net pension liability current measurement date	<u>0.05426450%</u>	<u>0.04295741%</u>	
Change in proportionate share	<u>0.00123450%</u>	<u>0.00087639%</u>	
Proportionate share of the net pension liability	\$ 3,242,184	\$ 10,204,625	\$ 13,446,809
Pension expense	\$ (60,707)	\$ (3,835,319)	\$ (3,896,026)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 139,531	\$ 394,056	\$ 533,587
Changes of assumptions	167,656	2,231,863	2,399,519
Difference between District contributions and proportionate share of contributions/change in proportionate share	114,379	344,449	458,828
District contributions subsequent to the measurement date	<u>253,346</u>	<u>715,280</u>	<u>968,626</u>
Total deferred outflows of resources	<u>\$ 674,912</u>	<u>\$ 3,685,648</u>	<u>\$ 4,360,560</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 82,246	\$ 82,246
Net difference between projected and actual earnings on pension plan investments	<u>15,388</u>	<u>336,762</u>	<u>352,150</u>
Total deferred inflows of resources	<u>\$ 15,388</u>	<u>\$ 419,008</u>	<u>\$ 434,396</u>

\$968,626 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ 186,021	\$ 564,173	\$ 750,194
2020	232,015	1,022,286	1,254,301
2021	63,723	735,388	799,111
2022	<u>(75,581)</u>	<u>229,513</u>	<u>153,932</u>
Total	<u>\$ 406,178</u>	<u>\$ 2,551,360</u>	<u>\$ 2,957,538</u>

Actuarial Assumptions - SERS

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

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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 4,499,309	\$ 3,242,184	\$ 2,189,086

Actuarial Assumptions - STRS Ohio

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 14,627,982	\$ 10,204,625	\$ 6,478,609

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$31,062.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$40,445 for fiscal year 2018. Of this amount, \$32,092 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.05368420%	0.04208102%	
Proportion of the net OPEB liability current measurement date	<u>0.05494170%</u>	<u>0.04295741%</u>	
Change in proportionate share	<u>0.00125750%</u>	<u>0.00087639%</u>	
Proportionate share of the net OPEB liability	\$ 1,474,491	\$ 1,676,040	\$ 3,150,531
OPEB expense	\$ 95,829	\$ (504,741)	\$ (408,912)

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 96,752	\$ 96,752
Difference between District contributions and proportionate share of contributions/change in proportionate share	21,650	40,173	61,823
District contributions subsequent to the measurement date	40,445	-	40,445
Total deferred outflows of resources	\$ 62,095	\$ 136,925	\$ 199,020
	SERS	STRS	Total
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 3,894	\$ 71,638	\$ 75,532
Changes of assumptions	139,922	135,010	274,932
Total deferred inflows of resources	\$ 143,816	\$ 206,648	\$ 350,464

\$40,445 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	\$ (43,825)	\$ (17,590)	\$ (61,415)
2020	(43,825)	(17,590)	(61,415)
2021	(33,541)	(17,590)	(51,131)
2022	(975)	(17,590)	(18,565)
2023	-	317	317
Thereafter	-	320	320
Total	\$ (122,166)	\$ (69,723)	\$ (191,889)

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

**NEWCAMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$ 1,780,635	\$ 1,474,491	\$ 1,231,946

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$ 1,196,439	\$ 1,474,491	\$ 1,842,497

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	\$ 2,250,056	\$ 1,676,040	\$ 1,222,379
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,164,440	\$ 1,676,040	\$ 2,349,364

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 543,090
Net adjustment for revenue accruals	(60,970)
Net adjustment for expenditure accruals	(344,447)
Net adjustment for other sources/uses	199,848
Funds budgeted elsewhere	14,248
Adjustment for encumbrances	39,728
GAAP basis	\$ 391,497

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

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. School Foundation

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. ODE adjustments for fiscal year 2018 resulted in an immaterial liability due from the District.

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2017	\$ -
Current year set-aside requirement	180,994
Current year qualifying expenditures	-
Current year offsets	(76,069)
Prior year offset from bond proceeds	<u>(104,925)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2019	<u>\$ -</u>
Set-aside balance June 30, 2018	<u>\$ -</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 17 - SET-ASIDES – (Continued)

In prior fiscal years, the District issued \$3,037,000 in general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$1,943,408 at June 30, 2018.

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 32,958
Other governmental	<u>268,539</u>
Total	<u>\$ 301,497</u>

NOTE 19 – TAX ABATEMENTS

Under the authority of Ohio Revised Code Section 5709.63, the Board of County Commissioners, with the consent of the legislative authority of each affected Township and Municipal Corporation, may designate enterprise zones. An Enterprise Zone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the “Agreement”) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. Once the Department of Taxation approves the agreement, the amount of the abatement is deducted from the business’s property tax bill by removing the valuation from the taxable parcel and listing the associated assessed value on the exempt tax list. Tuscarawas County has jointly entered into agreements with the Village of Newcomerstown to abate property taxes through this program.

The District’s property taxes were reduced by \$10,833 in fiscal year 2018 under various Enterprise Zone tax abatement agreements entered into by Tuscarawas County and the Village of Newcomerstown.

NOTE 20 – SUBSEQUENT EVENTS

In August 2018, the District received \$2,417,130 from the Vernon and Edith Lee Trust to be used solely for the maintenance, repair, construction, reconstruction, or capital improvements of the District’s athletic facilities. Of this money, \$1,000,000 of the trust funds was paid to the Thomas R. Little Memorial Foundation for the purposes of investing the monies until needed.

On February 21, 2019, the District’s Board approved to enter into a \$1 million debt agreement with First Federal Community Bank in order to renovate the Lee Stadium Field House.

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REQUIRED SUPPLEMENTARY INFORMATION

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.05426450%	0.05303000%	0.05151930%	0.05013300%	0.05013300%
District's proportionate share of the net pension liability	\$ 3,242,184	\$ 3,881,307	\$ 2,939,741	\$ 2,537,203	\$ 2,981,249
District's covered payroll	\$ 1,801,729	\$ 1,651,464	\$ 1,551,002	\$ 1,456,775	\$ 1,408,526
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.95%	235.02%	189.54%	174.17%	211.66%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.04295741%	0.04208102%	0.04154111%	0.04119527%	0.04119527%
District's proportionate share of the net pension liability	\$ 10,204,625	\$ 14,085,786	\$ 11,480,748	\$ 10,020,115	\$ 11,935,896
District's covered payroll	\$ 4,753,214	\$ 4,483,164	\$ 4,394,536	\$ 4,209,023	\$ 4,338,862
District's proportionate share of the net pension liability as a percentage of its covered payroll	214.69%	314.19%	261.25%	238.06%	275.09%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 253,346	\$ 252,242	\$ 231,205	\$ 204,422
Contributions in relation to the contractually required contribution	<u>(253,346)</u>	<u>(252,242)</u>	<u>(231,205)</u>	<u>(204,422)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,876,637	\$ 1,801,729	\$ 1,651,464	\$ 1,551,002
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 201,909	\$ 194,940	\$ 193,566	\$ 186,414	\$ 209,268	\$ 147,060
<u>(201,909)</u>	<u>(194,940)</u>	<u>(193,566)</u>	<u>(186,414)</u>	<u>(209,268)</u>	<u>(147,060)</u>
<u>\$ -</u>					
\$ 1,456,775	\$ 1,408,526	\$ 1,439,152	\$ 1,483,007	\$ 1,545,554	\$ 1,494,512
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 715,280	\$ 665,450	\$ 627,643	\$ 615,235
Contributions in relation to the contractually required contribution	<u>(715,280)</u>	<u>(665,450)</u>	<u>(627,643)</u>	<u>(615,235)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,109,143	\$ 4,753,214	\$ 4,483,164	\$ 4,394,536
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 547,173	\$ 564,052	\$ 570,071	\$ 582,883	\$ 620,378	\$ 608,543
<u>(547,173)</u>	<u>(564,052)</u>	<u>(570,071)</u>	<u>(582,883)</u>	<u>(620,378)</u>	<u>(608,543)</u>
<u>\$ -</u>					
\$ 4,209,023	\$ 4,338,862	\$ 4,385,162	\$ 4,483,715	\$ 4,772,138	\$ 4,681,100
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.05494170%	0.05368420%
District's proportionate share of the net OPEB liability	\$ 1,474,491	\$ 1,530,198
District's covered payroll	\$ 1,801,729	\$ 1,651,464
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.84%	92.66%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.04295741%	0.04208102%
District's proportionate share of the net OPEB liability	\$ 1,676,040	\$ 2,250,504
District's covered payroll	\$ 4,753,214	\$ 4,483,164
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.26%	50.20%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.33%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 40,445	\$ 29,370	\$ 26,925	\$ 37,853
Contributions in relation to the contractually required contribution	<u>(40,445)</u>	<u>(29,370)</u>	<u>(26,925)</u>	<u>(37,853)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,876,637	\$ 1,801,729	\$ 1,651,464	\$ 1,551,002
Contributions as a percentage of covered payroll	2.16%	1.63%	1.63%	2.44%

Note: The contributions as a percentage of covered payroll include the surcharge.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 26,039	\$ 23,453	\$ 36,906	\$ 44,600	\$ 37,109	\$ 90,249
<u>(26,039)</u>	<u>(23,453)</u>	<u>(36,906)</u>	<u>(44,600)</u>	<u>(37,109)</u>	<u>(90,249)</u>
<u>\$ -</u>					
\$ 1,456,775	\$ 1,408,526	\$ 1,439,152	\$ 1,483,007	\$ 1,545,554	\$ 1,494,512
1.79%	1.67%	2.56%	3.01%	2.40%	6.04%

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,109,143	\$ 4,753,214	\$ 4,483,164	\$ 4,394,536
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 42,548	\$ 43,389	\$ 43,852	\$ 44,837	\$ 47,721	\$ 46,811
<u>(42,548)</u>	<u>(43,389)</u>	<u>(43,852)</u>	<u>(44,837)</u>	<u>(47,721)</u>	<u>(46,811)</u>
<u>\$ -</u>					
\$ 4,209,023	\$ 4,338,862	\$ 4,385,162	\$ 4,483,715	\$ 4,772,138	\$ 4,681,100
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

Municipal Bond Index Rate:

Fiscal year 2018 3.56 percent

Fiscal year 2017 2.92 percent

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

Fiscal year 2018 3.63 percent

Fiscal year 2017 2.98 percent

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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

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**Newcomerstown Exempted Village School District
Tuscarawas County, Ohio**

*Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018*

Federal Grantor/ Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
School Breakfast Program	10.553	2018	\$0	\$15,588
National School Lunch Program	10.555	2018	0	36,371
Non-Cash Assistance (Food Distribution) Subtotal			<u>0</u>	<u>51,959</u>
Cash Assistance:				
School Breakfast Program	10.553	2018	0	170,473
National School Lunch Program	10.555	2018	0	311,211
Cash Assistance Subtotal			<u>0</u>	<u>481,684</u>
Total Child Nutrition Cluster			<u>0</u>	<u>533,643</u>
Total U.S. Department of Agriculture			<u>0</u>	<u>533,643</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2017	0	101,245
Title I Grants to Local Educational Agencies	84.010	S010A170035	0	457,414
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>558,659</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027	2017	0	38,131
Special Education - Grants to States (IDEA, Part B)	84.027	H027A170111	0	205,866
Total Special Education - Grants to States (IDEA, Part B)			<u>0</u>	<u>243,997</u>
Rural Education (Title V-B)	84.358	2018	0	12,825
Student Support and Academic Enrichment (Title IV-A)	84.424	2018	0	2,333
Total U.S. Department of Education			<u>0</u>	<u>817,814</u>
Total Expenditures of Federal Awards			<u>0</u>	<u>\$1,351,457</u>

The accompanying notes are an integral part of this schedule.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio

**Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2018**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2018 to 2019 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	\$ 4,742
Special Education - Grants to States	84.027	\$ 1,898
Title VI-B - Rural Education	84.358	\$ 11,589
Title IV-A Student Support and Academic Enrichment	84.424	\$ 7,667

OHIO AUDITOR OF STATE KEITH FABER



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

Newcomerstown Exempted Village School District
Tuscarawas County
702 South River Street
Newcomerstown, Ohio 43832

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 19, 2019, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2019



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

Newcomerstown Exempted Village School District
Tuscarawas County
702 South River Street
Newcomerstown, Ohio 43832

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Newcomerstown Exempted Village School District's, Tuscarawas County, Ohio (the District's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Newcomerstown Exempted Village School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2019

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Program (list): <ul style="list-style-type: none"> • Title I Grants to Local Educational Agencies – CFDA #84.010 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 28, 2019**