County: Cabell
RFP: 17-223

CABELL COUNTY BOARD OF EDUCATION

Financial Statements

June 30, 2018

CABELL COUNTY BOARD OF EDUCATION
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CABELL COUNTY BOARD OF EDUCATION
SCHOOL BOARD OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Office	Name	Term
	Elective	
School Board Members:	Garland B. Parsons	07/01/2016 – 06/30/2020
	Mary I. Neely	07/01/2014 – 06/30/2018
	Karen Nance	07/01/2014 – 01/31/2018
	Gordon Ramey	07/01/2016 – 06/30/2020
	Rhonda Smalley	07/01/2014 – 06/30/2018
	Alyssa Bond	03/06/2018 – 06/30/2018
	Appointive	
School Board President	Mary I. Neely	07/01/2017 – 06/30/2018
Superintendent	Ryan S. Saxe	07/01/2017 – 06/30/2018
Treasurer	Drew M. Rottgen	07/01/2017 – 06/30/2018

INDEPENDENT AUDITORS' REPORT

We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the bas financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respect in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2018, on our consideration of the Board's internal control over financial reporting and our testing 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 Board's internal control over financial reporting and compliance.

THE FYFFE JONES GROUP, AC

Huntington, West Virginia
December 10, 2018

CABELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Our discussion and analysis of the Cabell County Board of Education's (Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2018. Please read this discussion and analysis in conjunction with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

Financial Highlights

- The Board's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $210.7 million (net position) at the close of the most recent fiscal year. Of this amount, $27.3 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The Board's total net position increased by approximately $8.7 million. Approximately $1.4 million of this increase is attributable to a decrease in total expenses.

- As of the close of the current fiscal year, the Board's governmental funds reported combined

- The largest portion of the Board's net position (76.7%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles), less any related debt used to acquire those assets that are still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- An additional portion of the Board's net position (10.3%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.

- The remaining balance of unrestricted net position (13.0%) may be used to meet the Board's obligations to students, employees, and creditors and to honor next year's budget.

The following summarizes the statement of net position at June 30, 2018, in comparison with June 30, 2017:

	2018 Governmental Activities	2017 (as restated) Governmental Activities	Variance
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			

The key elements of the increase of the Board's net position for the year ended June 30, 2018, are as follows:

- Current and other assets increased by approximately $5.4 million, which primarily represents increased property taxes receivable, increased debt service collections, and an overall increase in cash balances.

- Capital Assets decreased by approximately $2.0 million, which primarily represents a decrease due to the depreciation of capital assets.

- Deferred outflows of resources decreased by $287 thousand, which was primarily the result of a change in the proportionate share of the district's net pension liability.

- Current and other liabilities decreased by approximately $3.9 million, which was primarily the result of the removal of the OPEB liability from the fund statements.

- Long-term liabilities decreased by $5.0 million, which was primarily the result of annual debt service.

- Deferred inflows of resources increased by approximately $1.8 million, which was primarily the result of changes in the Board's proportionate share of the OPEB liability.

- At the end of the current fiscal year, the Board is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

- Restricted net position increased by approximately $11.3 million during the year ended June 30, 2018. This increase resulted primarily from commitments to upcoming construction projects.

- The Board's net position increased by approximately $8.7 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

  - The Board's Operating Grants and Contributions grew during the fiscal year ended June 30, 2018.

  - The Board's total expenses decreased during the fiscal year ended June 30, 2018.

The following summarizes the statement of activities for the year ended June 30, 2018, in comparison with the year ended June 30, 2017:

	2018 Governmental Activities	2017 Governmental Activities	Variance
Revenues:			
Program revenues:			
Charges for services	$ 230,179	$ 221,972	$ 8,207
Operating grants and contributions	25,245,235	24,533,271	711,964
Capital grants and contributions	356,888	311,969	44,919
General revenues:			
Property taxes	54,588,781	54,144,037	444,744
Unrestricted state aid	74,029,913	73,655,223	374,690
Investment earnings	1,033,239	867,991	165,248
Unrestricted grants and contributions	730,907	1,114,714	(383,807)
Gain/(loss) on disposal of capital assets	(103,720)	18,955	(122,675)
Total revenues	$ 156,111,422	$ 154,868,132	$ 1,243,290
Expenses:			
Instruction	$ 85,318,478	$ 85,944,500	$ (626,022)
Supporting services:			
Students	6,527,818	6,457,759	70,059
Instructional staff	5,550,856	6,481,476	(930,620)
General administration	1,487,532	1,445,089	42,443
School administration	6,693,126	6,688,386	4,740
Central services	1,592,092	1,615,609	(23,517)
Operation and maintenance of facilities	16,036,860	16,049,105	(12,245)
Student transportation	9,556,557	9,195,324	361,233
Total supporting services	47,444,841	47,932,748	(487,907)
Food services	12,149,209	12,170,562	(21,353)
Community services	2,126,371	2,166,493	(40,122)
Interest on long-term debt	363,699	633,436	(269,737)
Total Expenses	$ 147,402,598	$ 148,847,739	$ (1,445,141)
Change in net position	$ 8,708,824	$ 6,020,393	$ 2,688,431
Net position - Beginning	$ 204,669,951	$ 198,649,558	$ 6,020,393
Restatement - GASB 75	$ (2,699,895)	$ -	$ (2,699,895)
Net position - Ending	$ 210,678,880	$ 204,669,951	$ 6,008,929

- The Permanent Improvement Fund showed an increase in fund balance due to an increase in fund transfers-in for capital projects.
- The Capital Projects Fund showed an increase in fund balance, mainly due to an increase in fund transfers-in for capital projects.

The Board had five

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 57,484,658
Investments	2,715,625
Prepaid insurance	387,304
Taxes receivable, net of allowance for uncollectible taxes	4,553,661
Food service receivable	77,417
Other receivables	55,321
Due from other governments:	
State aid receivable	567,907
PEIA allocation receivable	1,919,360
Reimbursements receivable	4,224,527
Capital Assets:	
Land	16,119,796
Buildings and improvements	232,377,613
Furniture and equipment	10,881,415
Vehicles	14,339,762
Construction in process	450,002
Less accumulated depreciation	(96,380,926)

CABELL COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Current Expense Fund	Special Revenue Fund	Debt Service Fun	Permanent Improvement	Capital Projects	Total Governmental

CABELL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balance on the governmental fund's balance sheet	$ 57,704,305
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet	177,787,662
Deferred charges are not reported in the funds	101,829
Property taxes receivable, e-rate, and food service billings will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore in deferred funds	3,875,905
Deferred outflows and inflows of resources related to pension and OPEB are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,580,359
Deferred outflows of resources related to OPEB	728,577
Deferred inflows of resources related to pensions	(440,774)
Deferred inflows of resources related to OPEB	(1,375,882)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, due within one year	(4,875,000)
Bonds payable, due beyond one year	(10,340,000)
Bond premium, amortization	(801,022)
Accrued interest on bonds	(125,055)
Compensated absences	(528,626)
Net pension liability - proportionate share	(8,950,327)
Net OPEB liability - proportionate share	(5,663,071)
Net position of governmental activities	$ 210,678,880

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

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

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

Net change in fund balances - total governmental funds	$ 6,183,459

Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on position is the amount by which capital outlays exceed depreciation in the current period.

Depreciation expense	(6,011,733)
Capital outlays	6,060,297

Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures. This is the amount by which such receivables increased (decreased).

Property taxes receivable	897,964
Operating grants and contributions	(1,793,790)

A portion of the change in fund balances is the current year amortization of the premium on general obligation bonds. The current year amortization of the premium is a reduction of interest expense .05ons

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds	
	School Activity Funds	Regional Education Service Agency
ASSETS		
Cash and cash equivalents	$ 1,965,357	$ 1,700,604
Accounts receivable	-	93,358
Total assets	1,965,357	1,793,962
LIABILITIES		
Accounts payable and accrued liabilities	-	33,456
Due to other funds	1,965,357	1,760,506
Total liabilities	$ 1,965,357	$ 1,793,962

See Notes to the Basic Financial Statements.

Note 1 - Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

The Cabell County Board of Education (School Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four-year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement 14 establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the School Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The School Board has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected board members are financially accountable.

B. District-wide and Fund Financial Statements:

The district-wide financial statements

Note 1 - Summary of Significant Accounting Policies (Cont.):

The fund financial statements provide information about the individual funds maintained by the School Board. All funds maintained by the school district are considered to be major funds for reporting purposes and are discretely presented in the accompanying financial statements.

The funds maintained by the Board are:

General Current Expense Fund: The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Special Revenue Fund: The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

Debt Service Fund: The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the School Board for the acquisition of capital assets.

Capital Projects Funds: Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by the School Board. These funds can include: a bond construction fund, used to account for the proceeds from the issuance of general obligation bonds; a permanent improvement fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources used for the support of various building and permanent improvement projects, and; one or more capital projects funds used to account for the resources used in the construction of a specific capital facility.

Agency Funds: Agency funds are used to account for assets that the School Board holds for others in an agency capacity. These include: Regional education service agencies (RESA's) and multi-county vocational centers (MCVC's) for the purpose of providing high quality, cost effective educational programs and to provide vocational training, respectively, in which the county board of education serves as the fiscal agent; school activity funds to account for the assets of the individual schools of the district, the student clubs, and school support organizations; and may include a scholarship fund to account for

Note 1 - Summary of Significant Accounting Policies (Cont.):

exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements were prepared using the current financial resources

Note 1 - Summary of Significant Accounting Policies (Cont.):

Deposits (money market/sweep accounts) with financial institutions were entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the board's name. Custodian credit risk is the risk that in event of a bank failure, the Board's deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Cash on hand and deposits with banking institutions either in checking or savings accounts or other highly liquid investments with an original maturity of three months or less are presented as cash in the accompanying financial statements.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the West Virginia Municipal Bond Commission (MBC) for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof; certificates of deposit; and repurchase agreements. Funds of the Board are temporarily invested by the MBC specifically on behalf of the Board as part of the MBC's consolidated investment pool. Deposits with the State Consolidated Investment Pool are held by the West Virginia Board of Treasury Investments (BTI). The deposits with the MBC are held for debt service requirements of the Board. The deposits with the BTI and MBC are not separately identifiable as to specific types of securities. Investment income is prorated to the Board at rates specified by the BTI and MBC. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying basic financial statements. These investments are considered cash and cash equivalents due to their liquid nature. The BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The BTI was established by the State Legislature and is subject to oversight by the State Legislature.

Note 1 - Summary of Significant Accounting Policies (Cont.):

The School Board had no fixed-term investments at June 30, 2018.

Deposits with financial institutions were entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the School Board's name. Custodian credit risk is the risk that in event of a bank failure, the School Board's deposits may not be returned to it. The School Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Cash on deposit with the MBC is held by the BTI in the West Virginia Government Money Market Pool and is subject to the following BTI policies and limits.

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income; preserve capital; and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of BTI's Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the BTI's Consolidated Fund. Of the BTI's Consolidated Fund pools and accounts in which the School Board invests, all are subject to credit risk. The following BTI investment risk information has been extracted from the notes to BTI's financial statements.

WV Government Money Market Pool - Credit Risk - Credit risk is the risk that an issuer or other

Note 1 - Summary of Significant Accounting Policies (Cont.):

K. Deferred Outflow of Resources:

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Deferred Outflows of Resources as of June 30, 2018:

L. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teacher Retirement System (TRS) and additions to/deductions from the TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 10 for further discussion.

M. Compensated Absences and Other Post Employment Benefit Liability:

Compensated Absences:

It is the School Board's policy to permit employees to accumulate earned but unused vacation pay benefits. Vacation benefits can be accumulated up to 40 days and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred and the liability for these amounts is reported in the

Note 1 - Summary of Significant Accounting Policies (Cont.):

reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 11 for further discussion.

N. Long-term Obligations:

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses during the period in which the bonds were issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

O. Deferred Inflow of Resources:

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. The Board's deferred inflows of the fund financial statements include property taxes, child nutrition, and other receivables. Deferred inflows for the government-wide financial statements include the proportionate share of the Board's net difference between projected and actual earnings and the differences between the employer contributions and proportionate share of contributions.

Deferred Inflows of Resources as of June 30, 2018:

Deferred inflows of resources related to pensions	$	440,774

Note 1 - Summary of Significant Accounting Policies (Cont.):

P. Net Position:

Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net position is classified as follows:

€ **Invested in capital assets, net of related debt -** This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.

€ **Restricted net position, expendable -** This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

€ **Unrestricted net position -** This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

Q. Fund Equity:

The Board follows GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

€ Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

€ Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

Note 1 - Summary of Significant Accounting Policies (Cont.):

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2018. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action 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 fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

R. Elimination and Reclassifications:

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

S. Accounting Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

T. Restricted Resources:

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

Note 1 - Summary of Significant Accounting Policies (Cont.):

U. Newly Adopted Statements Issued by the GASB:

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of Statement No. 75 has required a restatement of prior year's net position, as seen in Note 2. In addition, Statement No. 75 requires additional disclosures as shown in Note 11.

The Governmental Accounting Standards Board has also issued Statement No. 81, Irrevocable Split-Interest Agreements, effective for fiscal years beginning after December 15, 2016. The objective of this Statement is to improve 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 adoption of GASB Statement No. 81 had no impact on the June 30, 2018 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for fiscal years beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of GASB Statement No. 81 had no impact on the June 30, 2018 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 85, Omnibus 2017, effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to address 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 postemployment benefits. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

Note 1 - Summary of Significant Accounting Policies (Cont.):

The Governmental Accounting Standards Board has also issued Statement No. 86, Certain Debt Extinguishment Issues, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve 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 adoption of GASB Statement No. 86 had no impact on the June 30, 2018 financial statements.

V. Recent Statements Issued by the GASB:

The Governmental Accounting Standards Board has also issued Statement No. 83, Certain Asset Retirement Obligations, effective for fiscal years beginning after June 15, 2018. The objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure asset retirement obligations (AROs), including obligations that may not have been previously reported. This statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The School Board has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements. ×

The Governmental Accounting Standards Board has also issued Statement No. 84, Fiduciary Activities, effective for fiscal years beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The School Board has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements. ×

The Governmental Accounting Standards Board has also issued Statement No. 87, Leases, effective for fiscal years beginning after December 15, 2019. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The School Board has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements. ×

The Governmental Accounting Standards Board has also issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The School Board has not yet determined the effect that the adoption of GASB Statement No. 88 may have on its financial statements. ×

Note 2 – Changes in Accounting Principles:

Note 4 - Risk Management:

The Board is exposed to various risks or loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

Board of Risk and Insurance Management (BRIM): The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk insurance pool for all State agencies, component units, boards of education and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. The BRIM risk pool retains the risk of the first $2 million per property event and purchases excess insurance on losses above that level. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims.

Public Employees Insurance Agency (PEIA): The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Health coverage under these programs has no lifetime maximum benefit, while life insurance coverage is limited to $10,000. Members may purchase up to an additional $500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance ited to $1se prograucatiok oeve Statnined by the Fi,nance Board
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Note 5 - Property Taxes:

All property in the State is classified as follows for ad valorem tax purposes:

Class I - All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.

Class II - All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III - All real and personal property situated outside of municipalities, exclusive of Class I and II property.

Class IV - All real and personal property situated inside of municipalities, exclusive of Class I and II property.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I - 22.95¢ per $100 of assessed valuation; Class II - 45.90¢ per $100 of assessed valuation; Class III - 91.80¢ per $100 of assessed valuation; and Class IV - 91.80¢ per $100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessors Valuation Fund are also to be excluded from the calculation.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2018, were:

Class of Property	Assessed Valuations for Tax Purposes	Current Expense	Excess Levy	Permanent Improvement	Bond Purposes

Note 5 - Property Taxes (Cont.):

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable li on the first day of July each year. There is no lien denominated as such on personal property. However statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day o the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

Taxes Receivable

Taxes receivable as of June 30, 2018, for the Board's funds is as follows:

Note 6 - Excess Levy:

The School Board had an excess levy in effect during the fiscal year ended June 30, 2018. The levy was authorized by the voters of the county at an election held on May 13, 2014 for the fiscal years ended June 30, 2016 through June 30, 2020 to provide funds for the following purposes:

Note 6 - Excess Levy (Cont.):

Professional Salary – Including, but not limited to, professional salaries, salaries of personnel in excess of 200 days, salaries for professionals in excess of state funding limit, salaries of non-certified personnel, and minimum salaries fixed by law and supplemental salaries.

Service Salary – Including, but not limited to, service personnel salaries, salaries of service personnel in excess of 200 days, salaries for service personnel in excess of state funding limit, and minimum salaries fixed by law and supplemental salaries.

Substitute – Including, but not limited to, professional and service personnel substitute costs.

Athletics – Including, but not limited to, salaries for coaches, intramural activities, and other costs associated with athletic programs and facilities.

Personnel Taxes and Benefits – Including, but not limited to, FICA taxes, unemployment taxes, workers' compensation taxes, retirement and other insurance, including dental and optical.

Textbooks, Supplies, Postage, Insurance and Travel – Including, but not limited to, printing, copying, school, custodial, library, office, health supplies, postage, textbooks, insurance and travel.

Contracted Services – Including, but not limited to, staff development, legal services, special education, pest management, financial audit, transportation department employees' random drug and alcohol testing, student drug testing, and fire alarm inspections.

Construction, Repair, and Maintenance – Including, but not limited to, construction, building repair, roof replacement, asbestos projects, structural repairs, fire code corrections, Americans with Disabilities Act compliance, equipment maintenance, paving and bus maintenance.

Equipment and Rentals – Including, but not limited to, construction, building repair, roof replacement, asbestos projects, structural repairs, fire code corrections, Americans with Disabilities Act compliance, equipment maintenance, paving, and bus maintenance.

Cabell County Public Library – The operation of the Cabell County Public Library as required by Section 5, Chapter 207, of the 1967 Acts of the West Virginia Legislature.

Greater Huntington Park and Recreation District – The operation of the Greater Huntington Park and Recreation District as required by Section 7, Chapter 194, of the 1983 Acts of the West Virginia Legislature.

Contingency and Other Expenses – Including, but not limited to, unforeseen expenses, commercial drivers' licenses, and other miscellaneous expenses.

A total of $26,715,908 was received by the School Board from the excess levy during the fiscal year ended June 30, 2018.

Note 7 - Capital Assets:

Capital asset balances and activity for the year ended June 30, 2018, are as follows:

	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Capital assets, non-depreciable:				
Land	$ 16,445,796	$ -	$ (326,000)	16,119,796

Note 8 - Long-Term Debt:

Long-term liability activity for the year ended June 30, 2018, is as follows:

	Balance June 30, 2017	New Issues	Retirement	Balance June 30, 2018	Amounts due within one year	Amounts due past one year
General obligation debt	$ 19,855,000	$ -	$ 4,640,000	$ 15,215,000	$ 4,875,000	$ 10,340,000
Premium on sale of bonds	1,083,737	-	282,714	801,023	282,714	518,309
Compensated absences	555,317	-	26,691	528,626	528,626	-
Total long-term liabilities	$ 21,494,054	$ -	$ 4,949,405	$ 16,544,649	$ 5,686,340	$ 10,858,309

Bond Refunding of 2015:

On October 6, 2015, the Board issued general obligation bonds of $29,120,000 with interest rates varying between 2.0% - 5.0% to advance refund bonds with interest rates varying between 3.0% - 5.0% and a par value of $60,455,000. The refunded bonds mature on May 1, 2021. The general obligation bonds were issued at a premium of $1,578,488 and after paying issuance costs of $108,246, the net proceeds were $30,590,212.

The net proceeds of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature. The advanced refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's financial statements.

Total amount of Refunding Bond Issue of 2015 outstanding at June 30, 2018 is:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	5.00%	$ 4,875,000	$ 450,550	$ 5,325,550
2020	2.00%	5,120,000	206,800	5,326,800
2021	2.00%	5,220,000	104,400	5,324,400
		$ 15,215,000	$ 761,750	$ 15,976,750

Note 9 - Leases:

The Board has not entered into any lease/purchase agreements with the private sector, primarily for equipment.

Note 10 - Employee Retirement System:

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Retirement System (TRS) or the Teachers' Defined Contribution Retirement System (TDC). For the year ended June 30, 2018, the Board's total payroll for all employees was $77,857,684, and the payroll was $71,494,467, for employees covered by the two retirement programs.

Note 10 - Employee Retirement System (Cont.):

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as state revenue (Contributions For/On Behalf of the LEA) in the School Board's financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The balance is considered to be the State's contribution toward the past service unfunded liability and is included as a for/on behalf revenue and expenditure in the School Board's financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The State's contribution to TRS on-behalf of the School Board meets the GASB Statement No. 68 definition of a special funding source. Therefore, the School Board has recorded pension expense and revenue for the portion of the State's total proportionate share of collective pension expense that is associated with the School Board in the financial statements prepared on the economic resources focus and accrual basis of accounting.

Conversion of leave for post-retirement: For employees hired for the first time and first becoming a member of the Teachers' Retirement System (TRS) before July 1, 2015, upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree. For employees hired for the first time and first becoming a member of the Teachers' Retirement System (TRS) on or after July 1, 2015, there is no provision to convert an employee's unused vacation and sick leave to a greater retirement benefit or payment of health insurance premiums.

Teachers' Retirement System (TRS):

Plan Description:

The Teachers' Retirement System is a cost-sharing, multiple-employer public employee defined benefit retirement system which was established on July 1, 1941, and was closed for new members on July 1, 1991. Beginning July 1, 2005, all new employees become members of this plan. The West Virginia Legislature passed Senate Bill 529 in 2015 essentially adding a second tier of retirement benefits for those eligible to be a member of TRS who are hired for the first time and first become a member of TRS on or after July 1, 2015. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Benefits provided: Prior to the passage of Senate Bill 529, to qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent. With the passage of Senate Bill 529, to qualify for full benefits, employees hired for the first time and first becoming a member of TRS on or after July 1, 2015, must meet the following conditions:

Note 10 - Employee Retirement System (Cont.):

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Note 10 - Employee Retirement System (Cont.):

Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources:

At June 30, 2018, the School Board reported a liability for its proportionate share of the TRS net pension liability that reflected a reduction for State pension support provided to the School Board. The amount recognized by the School Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School Board were as follows:

School Board's proportionate share of net pension liability	$ 8,950,327
State's proportionate share of the net pension liability associated with the School Board	137,609,252
Total portion of net pension liability associated with the School Board	$ 146,559,579

The TRS net pension liability was measured as of June 30, 2017, and the total pension liability was determined by an actuarial valuation as of July 1, 2016, rolled forward to the measurement date. The School Board's proportion of the net pension liability was based on its proportionate share of employer and non-employer contributions to the TRS Plan for the fiscal year ended on the measurement date.

For the year ended June 30, 2018, the School Board recognized pension expense of $14,116,909, and for support provided by the State, revenue of $12,703,497. At June 30, 2017, the School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 281,333
Differences between expected and actual experience	77,816	159,441
Changes in proportion and differences between School Board contributions and proportionate share of contributions	2,068,245	-
Changes in assumptions	336,231	-
District contributions subsequent to the measurement date	1,098,067	-

Note 10 - Employee Retirement System (Cont.):

School Board 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 and deferred inflows of resources related to pensions will be recognized in pension expense as follows

Actuarial Assumptions:

For TRS, the actuarial assumptions used in the July 1, 2015 valuation, with update procedures used to roll forward the total pension liability to June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2015. These assumptions are as follows:

Inflation – 3.0%

Note 10 - Employee Retirement System (Cont.):

Payables to the pension plan:

At June 30, 2018, the School Board reported no liability for its unpaid legally required contributions to the pension plan. If the Board would have any unpaid legally required contributions, the liability would be included in the balance of salaries payable and related payroll liabilities on the Governmental Funds Balance Sheet and the Statement of Net Position.

A. Teachers' Defined Contribution Retirement System:

Plan Description:

All Board employees hired after July 1, 1991, but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teachers' Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. Existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the 2008-09 fiscal year. To earn full benefits at retirement, however, members electing to transfer are required to contribute the 1.5% difference between the two plans' employee contribution rates.

A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at any time. The investment options are: Great-West SF Balanced Trust, Great-West Lifetime 2015 Trust II, Great-West Lifetime 2025 Trust II, Great-West Lifetime 2035 Trust II, Great-West Lifetime 2045 Trust II, Great-West Lifetime 2055 Trust II, American Funds EuroPacific R5, Franklin Mutual Global Discovery Fund – Z, DFA US Targeted Value R1, T. Rowe Price Diversified Small Cap Growth, Vanguard Small-Cap Index Fund – Inv, American Century Heritage Inv, Scout Mid Cap, Fidelity New Millennium, Putnam Equity Income Y, Vanguard Large Cap Index Inv, PIMCO Total Return Fund – Admin, TIAA-CREF High-Yield Inst, Vanguard Interm-Term Bond Index Fund, and VALIC Fixed Annuity Option.

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2016, this plan had approximately $422.8 million in net position held in trust for pension benefits. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Great West Retirement Services, an independent third party administrator.

Note 11 - Post-Employment Benefits Other Than Pension (Cont.):

combination of PEIA and RHBT staff. The Plan administers and provides medical and prescription drug benefits to certain retired members receiving pension benefits under the PERS, TRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A or Troopers Plan B pension systems, as administered by the CPRB.

The Plan sponsor provides a capped pay-as-you-go subsidy to each covered retired member, as well as a fully insured retiree life insurance program.

Retiree contributions are set each year by the RHBT and approved by the PEIA Finance Board. Increases to retiree contributions may reflect healthcare inflation, claim experience, and premium increases above the plan sponsor capped pay-as-you-go subsidy. Retiree contributions depend on date of hire and years of service at retirement. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy. Members hired before July 1, 2010, pay retiree healthcare

Note 11 - Post-Employment Benefits Other Than Pension (Cont.):

Contributions:

WVC §5-16D-3 states that contribution requirements of the members and the participating employers are set each year by the RHBT and approved by the PEIA Finance Board. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The Paygo rates for June 30, 2017 and 2016, respectively, were:

	2017 July 2016 to December 2016	2017 January 2017 to June 2017	2016
Paygo Premium	$ 196	$ 135	$ 163

Contributions to the OPEB plan from the School Board were $2,951,634 for the year end June 30, 2018. Employees are not required to contribute to the OPEB plan. The State of West Virginia (the State) is a nonemployer contributing entity that provides funding through Senate Bill 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. This special funding under the school aid formula subsidizes employer contributions of the county boards of education and contributes to the overall unfunded OPEB liability.

The State is a nonemployer contributing entity that provides funding through Senate Bill 419, effective July 1, 2012 and amended by West Virginia Code §11-21-96. For fiscal years beginning on and after July 1, 2016, this Senate Bill and corresponding State Code section requires that an annual amount of $30 million from the State shall be dedicated for payment of the unfunded liability of the RHBT fund. The $30 million annual contribution is to continue through July 1, 2037, or until the unfunded liability has been eliminated, whichever comes first.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of $5 Million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The $5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020.

Note 11 - Post-Employment Benefits Other Than Pension (Cont.):

Note 11 - Post-Employment Benefits Other Than Pension (Cont.):

Investment Asset Allocation:

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Those ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arAgage and by adding exp5 Tc.0496 Twicxpected returns, set class. T addnges are

Note 11 - Post-Employment Benefits Other Than Pension (Cont.):

The following table presents the School Board's proportionate share of its net pension liability calculated using the discount rate of 7.15 percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

Healthcare Cost Trend Rate:

The following table presents the School Board's proportionate share of its net OPEB liability calculated using the healthcare cost trend rate that is 1% higher or lower than the current rate.

Payables to the OPEB Plan:

At June 30, 2018, the School Board reported a liability of $504,223 for its unpaid legally required contributions to the OPEB d legally required sle pted

Note 13 - Pending Litigation:

The Board is involved in a number of legal proceedings and claims, involving students, employees and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any lawsuit with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Board. The Board's insurance through the State Board of Risk and Insurance Management appears adequate to fully cover any potential liability.

Note 14 – Restatement of Beginning Fund Balance:

The fund balance at the beginning of the year of the following fund(s) required restatement:

	Governmental Funds (General Current Expense)
Beginning fund balance as previously reported at June 30, 2017	$ 35,317,320

General Current Expense Fund:

The General Current Expense Fund was restated as a result of implementing GASB 75 related to other post employment benefits. The General Current Expense Fund reported a $4,225,995 OPEB liability as of June 30, 2017, and is no longer reported as a liability in the fund statements

Note 15 - Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2018 are as follows:

Fund Balances	General Current Expense Fund	Special Revenue Fund	Debt Service Fund	Permanent Improvement Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable:						
Prepaid Items	$ 227,361	$ -	$ -	$ -	$ -	$ 227,361
Prepaid Liability Insurance	159,943	-	-	-	-	159,943
Restricted for:						
Special Projects	-	4,067,274	-	-	-	4,067,274
Debt Service	-	-	2,786,715	-	-	2,786,715
Capital Projects	-	-	-	5,220,042	-	5,220,042
Bond Refunding Projects	-	-	-	-	1,029,514	1,029,514
Local Match to SBA Grant	-	-	-	-	7,639,065	7,639,065
Excess Levy	991,716	-	-	-	975,645	1,967,361
Assigned to:						
Encumbrances	2,129,222	-	-	-	-	2,129,222
Medicaid	915,735	-	-	-	-	915,735
Personnel Costs	500,000	-	-	-	-	500,000
Pre-K Collaborative Contracts	150,372	-	-	-	-	150,372
Utilities	112,000	-	-	-	-	112,000
District Communications	40,000	-	-	-	-	40,000
Summer Feeding Program	30,000	-	-	-	-	30,000
Board Insurance Policies	22,000	-	-	-	-	22,000
BoardDocs	15,000	-	-	-	-	15,000
District Support / Employee Relations	15,000	-	-	-	-	15,000
Print Shop	12,130	-	-	-	-	12,130
Health Care Coalition	9,859	-	-	-	-	9,859
Faculty Senate Hiring Committee	7,913	-	-	-	-	7,913
Capital Projects	-	-	-	-	2,373,502	2,373,502
Unassigned	28,274,297	-	-	-	-	28,274,297
Total Fund Balances	$ 33,612,548	$ 4,067,274	$ 2,786,715	$ 5,220,042	$ 12,017,726	$ 57,704,305

Note 16 - Commitments, Contingencies and Subsequent Events (Cont.):

The School Board owns various buildings which are known to contain asbestos and/or other environmental issues. The School Board is not required by federal, state or local law to remove the asbestos from its buildings. The School Board is required under federal environmental health and safety regulations to manage the presence of asbestos and other environmental issues in its buildings in a sa condition. The School Board addresses its responsibility to manage the presence of asbestos and othe environmental issues in its buildings on a case by case basis. Significant problems of dangerous asbesto conditions are abated as the conditions become known. The School Board also addresses the presence asbestos as building renovation or demolition projects are undertaken and through asbestos operation ar maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

Note 17 - Interfund Balances and Transfers:

The composition of interfund balances as of June 30, 2018 is as follows:

Transfer From	Transfer To	Amount
General Current Expense	Special Revenue Fund	$ 3,512,063
General Current Expense	Capital Projects Fund	$ 8,245,413
General Current Expense	Permanent Improvement	$ 1,675,157
Special Revenue Fund	General Current Expense	$ 124,243

Note 18 - Major Sources of Revenue:

The largest single source of revenue received by the Board is state aid funds through the Public Schoo Support Program. In addition, the Board receives financial assistance from federal and state government in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

Note 19 - Subsequent Events:

All other commitments, contingencies, and subsequent events have been evaluated by management ar have been properly disclosed up through December 10, 2018, the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Reported Fiscal Year (Measurement Date) 2018 (2017)	Reported Fiscal Year (Measurement Date) 2017 (2016)	Reported Fiscal Year (Measurement Date) 2016 (2015)	Reported Fiscal Year (Measurement Date) 2015 (2014)
District's proportion of the net pension liability (asset)	0.259056%	0.247384%	0.213032%	0.168962%
District's proportionate share of net pension liability (asset)	$ 8,950,327	$ 10,167,043	$ 7,382,101	$ 5,829,345
State's proportionate share of the net pension liability (asset) associated with the district	137,609,252			

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Contractually required contribution	$ 5,425,733	$ 5,545,249	$ 5,682,889	$ 5,873,101
Contributions in relation to the contractually required contribution	(5,425,733)	(5,545,249)	(5,682,889)	(5,873,101)
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	$ 65,021,019	$ 64,906,533	$ 64,804,053	$ 64,709,775
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.345%	8.543%	8.769%	9.076%

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Reported Fiscal Year (Measurement Date) 2018 (2017)
District's proportion of the net pension liability (asset)	0.230301%
District's proportionate share of net pension liability (asset)	$ 5,663,071
State's proportionate share of the net pension liability (asset) associated with the district	26,485,583
Total	32,148,654
District's covered-employee payroll	$ 62,254,190
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.097%
Plan fiduciary net position as a percentage of the total pension liability	25.10%

Data prior to 2018 is unavailable

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
RETIREE HEALTH BENEFIT TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2018
Contractually required contribution	$ 3,159,288
Contributions in relation to the contractually required contribution	(3,159,288)
Contribution deficiency (excess)	-
District's covered-employee payroll	$ 61,807,504
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.111%

Data prior to 2018 is unavailable

See Notes to the Required Supplementary Information.

A. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the regulatory basis of accounting for all governmental funds. The regulatory basis of accounting for West Virginia Boards of Education does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Certain other transactions such as donated foods from the West Virginia Department of Agriculture Food Distribution Program are also not included in the Board's regulatory basis budget. Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.

2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

B. Excess of Expenditures over Appropriations:

For the year ended June 30, 2018, the Board did not have any expenditures that exceeded appropriations at the function level within the General Current Expense Fund or the Special Revenue Fund, which, according to State Board Policy, is the level at which budgetary controls must be maintained.

C. Changes in Assumptions:

The actuarial assumptions used in the total pension liability calculation can change from year to year. Please see the table below which summarizes the actuarial assumptions used for the respective measurement dates.

	2017	2016	2015	2014
Inflation	3.0%	3.0%	3.0%	2.2%
Salary Increases	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%			

OTHER SUPPLEMENTARY INFORMATION

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original	Final	Actual GAAP Basis Amounts	Adjustments for Regulatory Basis	Actual Regulatory Basis Amounts	Variance With Final Budget Favorable (Unfavorable)
Revenues:						
Property taxes	$ 5,322,550	$ 5,322,550	$ 5,811,317	$ -	$ 5,811,317	$ 488,767
Other local sources	-	-	115,940	-	115,940	115,940
Total revenues	5,322,550	5,322,550	5,927,257	-	5,927,257	604,707
Expenditures:						
Debt service:						
Principal retirement	4,640,000	4,640,000	4,640,000	-	4,640,000	-
Interest and fiscal charges	682,550	2,866,558	684,550	-	684,550	2,182,008
Total expenditures	5,322,550	7,506,558	5,324,550	-	5,324,550	2,182,008
Excess (deficiency) of revenues over expenditures	-	(2,184,008)	602,707	-	602,707	2,786,715
Other financing sources (uses)	602,707	4,970,723	-	-	-	(4,970,723)

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Regulatory Basis		Actual GAAP Basis Amounts	Adjustments for Regulatory Basis	Actual Regulatory Basis Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final				
Revenues:						
Property taxes	$ 1,527,058	$ 1,527,058	$ 1,673,701	$ -	$ 1,673,701	$ 146,643
Other local sources	-	-	18,986	-	18,986	18,986
Total revenues	1,527,058	1,527,058	1,692,687	-	1,692,687	165,629
Expenditures:						
Supporting services:						
Operation and maintenance of facilities	-	59,875	-	-	-	59,875
Capital outlay	1,527,058	4,886,802	1,571,103	-	1,571,103	3,315,699
Total expenditures	1,527,058	4,946,677	1,571,103	-	1,571,103	3,375,574
Excess (deficiency) of revenues over expenditures	-	(3,419,619)	121,584	-	121,584	3,541,203
Other financing sources (uses):						
Proceeds from disposal of real or personal property	-	59,875.00	63,558	-	63,558	3,683
Transfers in	-	-	1,675,157	-	1,675,157	1,675,157
Total other financing sources (uses)	-	59,875	1,738,715	-	1,738,715	1,678,840
Change in fund balances	-	(3,359,744)	1,860,299	-	1,860,299	5,220,043
Fund balances - beginning	-	-	3,359,743	-	-	-
Fund balances - ending	$ -	$ (3,359,744)	$ 5,220,042	$ -	$ 1,860,299	$ 5,220,043

See Notes to the Required Supplementary Information.

A. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the regulatory basis of accounting for all governmental funds. The regulatory basis of accounting for West Virginia Boards of Education does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Certain other

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Cash Balance 7/1/17	Revenues Received	Expenditures Paid	Cash Balance 6/30/18
Altizer Elementary	$ 38,003	$ 23,215	$ 23,767	$ 37,451
Central City Elementary	141,161	16,598	20,404	137,355
Cox Landing Elementary	7,961	15,014	17,602	5,373
Culloden Elementary	27,384	27,336	28,116	26,604
Davis Creek Elementary	66,374	37,643	43,092	60,925
Explorer Academy	15,137	38,378	37,251	16,264
Guyandotte Elementary	7,395	6,217	5,683	7,929
Highlawn Elementary	24,924	18,814	19,313	24,426
Hite Saunders Elementary	27,123	31,423	31,778	26,767
Martha Elementary	16,803	28,417	33,054	12,165
Meadows Elementary	23,578	20,848	17,635	26,791
Milton Elementary	121,795	96,412	87,120	131,087
Nichols Elementary	24,397	62,246	48,623	38,020
Ona Elementary	43,918	36,048	36,654	43,312
Salt Rock Elementary	19,601	27,375	23,385	23,591
Southside Elementary	32,830	65,374	63,028	35,176
Spring Hill Elementary	13,570	26,495	23,306	16,759
Village of Barboursville Elementary	75,894	132,641	139,890	68,645
Barboursville Middle	55,640	236,273	248,212	43,701
Huntington East Middle School	47,483	67,823	73,794	41,512
Huntington Middle School	73,235	131,589	137,956	66,868
Milton Middle School	60,965	267,306	268,372	59,899
Cabell County Career and Technical Center	423,738	611,223	635,616	399,345
Cabell Midland High School	328,010	484,750	470,858	341,902
Huntington High School	263,568	667,851	657,931	273,488
Total	$ 1,980,487	$ 3,177,309	$ 3,192,438	$ 1,965,357

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures Paid
U.S. Department of Agriculture			
Passed Through West Virginia Department of Education			
Child Nutrition Cluster:			
National School Breakfast and Lunch Program	10.553/10.555	88	$ 6,972,792
Donated Foods (Non-cash)	10.555	88	753,124
Summer Food Service	10.559	88	102,898
Total Child Nutrition Cluster			7,828,814
Child and Adult Care Food Program	10.558	88	159,195
State Administrative Expenses	10.560	88	650
Fresh Fruits and Vegetable Program	10.582	88	88,610
Total U.S. Department of Agriculture			8,077,269
U.S. Department of Education			
Passed Through West Virginia Department of Education			
Adult Education	84.002	61	54,172
Title I Grants to Local Educational Agencies	84.010	41	4,653,726
Special Education Cluster:			
Special Education Grants to States	84.027	43	3,144,344
Special Education - Pre-School	84.173	43	88,549
Total Special Education Cluster			3,232,893
Vocational Education	84.048	50	295,762
Education for Homeless Children and Youth	84.196	54	52,667
21st Century Community Learning Centers	84.287	45	108,566
English Language Acquisition Grants	84.365	45	56,393
Title II Improving Teacher Quality	84.367	40	561,861
Student Support and Academic Enrichment	84.424	40	12,817
Total U.S. Department of Education			9,028,857
Total Federal Financial Assistance Expended			$ 17,106,126

See Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cabell County Board of Education and is presented on a basis of accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXCESS LEVY REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

				Levy To Date		
	Estimated Per Levy Call	**Actual**	**Variance**	**Estimated Per Levy Call**	**Actual**	**Variance**
Excess Levy Collections	$ 23,373,201	$ 26,370,071	$ 2,996,870	$ 70,119,603	$ 79,142,039	$ 9,022,436
Expenditures Cabell County Levy Call:						
Professional Salary – Including, but not limited to, professional salaries, salaries of personnel in excess of 200 days, salaries for professionals in excess of state funding limit, salaries of non-certified personnel, and minimum salaries fixed by law and supplemental salaries.						

7,057,5notosala57593 0 TD [($009):8Call:

Professional Salary

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN

Compliance and Other Matters

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

Purpose of this Report

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

THE FYFFE JONES GROUP, AC

Huntington, West Virginia
December 10, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Cabell County Board of Education
Huntington, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the Cabell County Board of Education's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Cabell County Board of Education's major federal programs for the year ended June 30,

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Programs tested:

CFDA Number(s)	Name of Federal Program/Cluster
84.010	Title I Grants to Local Education Agencies

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.