TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Trimble Local School District
Athens County
1 Tomcat Drive
Glouster, Ohio 45732-9335

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparison of 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 fiscal year 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017,* Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2019

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The management discussion and analysis of the Trimble Local School District's (the District) financial performance provides an overview and analysis 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 our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The assets and deferred outflows of Trimble Local School District exceeded its liabilities and deferred inflows at June 30, 2018 by $6,358,215. Of this amount, $11,993,020 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining deficit of $5,634,805 represents unrestricted net position.

- In total, net position of governmental activities increased by $5,278,076 which represents a 488.65 percent increase from 2017.

- General revenues accounted for $9,971,776, or 72.44 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $3,793,639 or 27.56 percent of total revenues of $13,765,415.

- The District had $8,487,339 in expenses related to governmental activities; only $3,793,639 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of $9,971,776 were used to provide for the remainder of these programs.

- The District recognizes two major governmental funds: the General Fund and Permanent Improvement Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had $11,792,779 in revenues and $10,147,762 in expenditures in fiscal year 2018.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Trimble Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. 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. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

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

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General and Permanent Improvement Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of two categories: governmental and fiduciary funds.

Governmental Funds

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

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

Fiduciary Funds

The District's fiduciary funds consist of a private purpose trust and an agency fund. The District's fiduciary funds are reported in separate financial statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

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.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2018 compared to fiscal year 2017:

Table 1
Net Position at Year End

	Governmental Activities		
	2018	Restated 2017	Change
Assets:			
Current and Other Assets	$10,840,156	$10,251,211	$588,945
Capital Assets, net	11,670,567	11,857,368	(186,801)
Total Assets	22,510,723	22,108,579	402,144
Deferred Outflows of Resources:			
Pension	4,203,158	3,000,955	1,202,203
OPEB	119,104	18,576	100,528
Total Deferred Outflows of Resources	4,322,262	3,019,531	1,302,731
Liabilities:			
Current and Other Liabilities	1,265,408	1,081,186	184,222
Long-Term Liabilities:			
Due Within One Year	389,438	358,175	31,263
Due in More Than One Year:			
Net Pension Liability	12,426,163	16,023,562	(3,597,399)
Net OPEB Liability	2,943,163	3,598,406	(655,243)
Other Amounts	1,389,612	1,610,629	(221,017)
Total Liabilities	18,413,784	22,671,958	(4,258,174)
Deferred Inflows of Resources:			
Property Taxes	1,183,896	1,154,685	29,211
Pension	550,587	221,328	329,259
OPEB	326,503	0	326,503
Total Deferred Inflows of Resources	2,060,986	1,376,013	684,973
Net Position:			
Net Investment in Capital Assets	10,506,904	10,439,784	67,120
Restricted	1,486,116	1,481,986	4,130
Unrestricted	(5,634,805)	(10,841,631)	5,206,826
Total Net Position	$6,358,215	$1,080,139	$5,278,076

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. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems 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 benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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

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

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

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

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($4,659,969) to ($1,080,139).

Current and other assets increased $588,945 from fiscal year 2018 due to an increase in cash and cash equivalents which is the result of revenues exceeding expenses. Capital assets decreased by $186,801, due to current year depreciation exceeding capital asset additions.

Current (other) liabilities increased by $184,222 or 17.04 percent, due to an increase in accounts payable and accrued wages and benefits.

Long-term liabilities decreased by $4,442,396 or 20.58 percent, due primarily to the increase in net pension and OPEB liabilities due to actuarial measurements done by the retirement systems. Additional information can be found in Notes 11 and 12.

The District's largest portion of net position is related to amounts net investment in capital assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its 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 capital assets themselves cannot be used to pay these liabilities.

The District's smallest portion of net position is unrestricted, and carries a deficit balance of $5,634,805. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of $1,486,116 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2018 and provides a comparison to fiscal year 2017.

Table 2

Changes in Net Position

	Governmental Activities		
	2018	Restated 2017	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$709,235	$725,536	($16,301)
Operating Grants and Contributions	3,084,404	3,595,012	(510,608)
General Revenues:			
Property Taxes	1,130,846	1,076,351	54,495
Unrestricted Grants and Entitlements	8,596,260	8,655,995	(59,735)
Payment in Lieu of Taxes	4,005	0	4,005
Investment Earnings	111,392	53,140	58,252
Gain on the Sale of Capital Assets	0	5,397	(5,397)
Insurance Recoveries	12,812	63,845	(51,033)
Miscellaneous	116,461	59,454	57,007
Total Revenues	13,765,415	14,234,730	(469,315)

(Continued)

Table 2
Changes in Net Position

	2018	Restated 2017	Change
Expenses:			
Program Expenses:			
Instruction:			
Regular	3,472,663	5,337,043	(1,864,380)
Special	1,305,049	2,167,421	(862,372)
Student Intervention Services	18,379	61,084	(42,705)
Other	233,289	10,916	222,373
Support Services:			
Pupils	341,727	423,178	(81,451)
Instructional Staff	380,033	361,100	18,933
Board of Education	166,937	180,999	(14,062)
Administration	506,555	904,469	(397,914)
Fiscal	166,148	222,068	(55,920)
Operation and Maintenance of Plant	688,872	1,754,116	(1,065,244)
Pupil Transportation	449,102	739,627	(290,525)
Central	3,705	5,533	(1,828)
Operation of Non-Instructional Services:			
Food Service	519,759	651,854	(132,095)
Community Service	25,955	33,526	(7,571)
Extracurricular Activities	149,057	247,428	(98,371)
Interest and Fiscal Charges	60,109	61,155	(1,046)
Total Expenses	8,487,339	13,161,517	(4,674,178)
Change in Net Position	5,278,076	1,073,213	4,204,863
Net Position - Beginning of Year, Restated	1,080,139	N/A	N/A
Net Position - End of Year	$6,358,215	$1,080,139	$5,278,076

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $18,576 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB Statement No. 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 Statement No. 75, the 2018 statements report negative OPEB expense of $398,542. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB Statement No. 75	$	8,487,339
Negative OPEB expense under GASB Statement No. 75		398,542
2018 contractually required contribution		30,726
Adjusted 2018 program expenses		8,916,607
Total 2017 program expenses under GASB Statement No. 45		13,161,517
Decrease in program expenses not related to OPEB	$	(4,244,910)

The most significant program expenses for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration, and Pupil Transportation. These programs account for 75.68 percent of the total governmental activities. Regular Instruction, which accounts for 40.92 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 15.38 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 8.12 percent of the total, represent costs associated with operating and maintaining the District's facilities. Administration, which represents 5.97 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Pupil Transportation, which represents 5.29 percent of the total, represents costs associated with student transportation to and from school.

As noted previously, the net position for the governmental activities increased $5,278,076 or 488.65 percent. This is a change from last year when net position increased $1,073,213 or 29.92 percent. Total revenues decreased $469,315 or 3.30 percent from last year and expenses decreased $4,674,178 or 35.51 percent from last year.

The District had a program revenue decrease of $526,909 and an increase in general revenue of $3,099. The decrease in program revenue is due primarily to a decrease in operating grants and the increase in general revenue is due mostly to an increase in property taxes, miscellaneous and investment earnings revenue.

The total expenses for governmental activities decreased $4,674,178 or 35.51 percent, primarily due to a decrease in regular and special instruction and operation and maintenance of plant and administration support services.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 8.22 percent and intergovernmental revenue made up 84.86 percent of the total revenue for the governmental activities in fiscal year 2018.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at $100,000 and taxed at 1.0 mill, $35.00 annually. If three years later the home were reappraised and the value increased to $200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive $35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's intergovernmental revenue consists primarily of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2018, the District received $9,918,427 through the State's foundation program, which represents 72.05 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 59.26 percent of governmental activities program expenses. Support services expenses make up 31.85 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2018 compared with fiscal year 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2018	2018	2017	2017
Program Expenses:				
Instruction	$5,029,380	$2,558,933	$7,576,464	$4,591,182
Support Services	2,703,079	1,989,822	4,591,090	3,830,558
Operation of Non-Instructional Services	545,714	5,275	685,380	164,303
Extracurricular Activities	149,057	79,561	247,428	193,771
Interest and Fiscal Charges	60,109	60,109	61,155	61,155
Total Expenses	$8,487,339	$4,693,700	$13,161,517	$8,840,969

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $15,531,823 and expenditures and other financing uses of $14,738,641.

The fund balances of the total governmental funds increased by $793,182 or 11.44 percent. The increase in fund balance for the year was most significant in the Permanent Improvement Fund which increased $414,931 or 80.05 percent, and was primarily the result of transfer in during the current year.

The District should remain stable in fiscal years 2019 and 2020. However, projections beyond fiscal year 2020 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for 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 one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was $11,364,559, representing an increase of $849,540 or 8.07 percent from the original budget estimate of $10,515,019. The increase was mostly the result of decreased expectations for intergovernmental revenue. The final budget basis expenditures were $10,487,929 representing a decrease of $845,125 or 7.46 percent from the original budget basis expenditures of $11,333,054. The decrease was primarily due to decreases in regular instruction, special instruction, administration and pupil transportation expenditure functions.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District had $25,874,079 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of $14,203,512. Table 4 shows fiscal year 2018 balances compared to fiscal year 2017.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2018	2017
Nondepreciable Capital Assets:		
Land	$55,370	$55,370
Depreciable Capital Assets:		
Land Improvements	947,666	809,968
Buildings and Improvements	22,249,128	21,921,507
Furniture, Fixtures and Equipment	1,397,207	1,361,983
Vehicles	1,224,708	1,141,340
Total Capital Assets	25,874,079	25,290,168
Less Accumulated Depreciation:		
Land Improvements	691,224	659,056
Buildings and Improvements	11,782,626	11,250,136
Furniture, Fixtures and Equipment	1,052,524	953,748
Vehicles	677,138	569,860
Total Accumulated Depreciation	14,203,512	13,432,800
Capital Assets, Net	$11,670,567	$11,857,368

More detailed information pertaining to the District's capital asset activity can be found in the notes to the basic financial statements.

Debt Administration

At June 30, 2018, the District had $1,360,092 in general obligation debt outstanding with $289,259 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2018 compared to fiscal year 2017.

Table 5
Outstanding Debt, Governmental Activities at Year End

Purpose	2018	2017
2006 Bond Refinancing	$315,000	$370,000
Roof Project Note	335,000	495,000
Department of Administration Services Loan	202,535	219,869
Energy Optimizers Loan	507,557	551,211
Total	$1,360,092	$1,636,080

More detailed information pertaining to the District's long-term debt activity can be found in the notes to the basic financial statements.

Current Issues

The goal of the District continues to be; to maintain the highest standards of service to our students, parents, and community. In keeping with its mission statements, the Board of Education has adopted a Comprehensive Continuous School Improvement Plan. The goal is ultimately to narrow the gap between the highest and lowest achieving students leading to total academic success.

The mission of the District is to ensure that all students reach their fullest potential by using the best physical and human resources in partnership with family and community. In an effort to meet the goals and mission stated above, it is imperative that the District's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

The financial stability of the District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the District must rely heavily on State Aide to fund its operations. The most recent State budget provided additional funding to the District. Therefore, management must diligently plan expenses and carefully stay within the projected five-year forecast.

Externally, the District is largely depended on State funding sources at 89%. State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen a slight decline in student enrollment in the past several years.

The District began the process of rebuilding its football stadium in order to provide a safe environment for both the students and staff of the district as well as the community.

The District has entered into an agreement with Dell Computers on a 1-1 initiative with Chromebooks; An Architecture firm has met with the District to provide options for the Buckingham Coal Company property in order to convert existing buildings into a usage bus garage as well as sure up the foundation of the High School Building as it has settled over the years. This project will also include the renovation of a set of bathrooms and floor tile in one wing of the building.

The District must continue to be vigilant in its financial planning even as revenues from the State increase due to the volatility in being 89% funded by the State.

Contacting the District's Financial Management

This financial report is designed to provide out citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contract Jared M. Bunting, Treasurer/CFO, Trimble Local School District, One Tomcat Drive, Glouster, Ohio 45732-9335.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$8,884,399
Cash and Cash Equivalents in Segregated Accounts	250
Property Taxes Receivable	1,692,691
Intergovernmental Receivable	254,396
Inventory Held for Resale	5,624
Materials and Supplies Inventory	2,796
Nondepreciable Capital Assets	55,370
Depreciable Capital Assets, Net	11,615,197
Total Assets	22,510,723
Deferred Outflows of Resources:	
Pension	4,203,158
OPEB	119,104
Total Deferred Outflows of Resources	4,322,262
Liabilities:	
Accounts Payable	213,735
Accrued Wages and Benefits	838,992
Contracts Payable	37,801
Intergovernmental Payable	170,389
Accrued Interest Payable	4,491
Long-Term Liabilities:	
Due within One Year	389,438
Due in More Than One Year:	
Net Pension Liability	12,426,163
Net OPEB Liability	2,943,163
Other Amounts Due in More Than One Year	1,389,612
Total Liabilities	18,413,784
Deferred Inflows of Resources:	
Property Taxes	1,183,896
Pension	550,587
OPEB	326,503
Total Deferred Inflows of Resources	2,060,986
Net Position:	
Net Investment in Capital Assets	10,506,904
Restricted for:	
Capital Outlay	1,019,972
Debt Service	172,823
Other Purposes	293,321
Unrestricted	(5,634,805)
Total Net Position	$6,358,215

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$3,472,663	$617,136	$319,807	($2,535,720)
Special	1,305,049	0	1,494,327	189,278
Vocational	0	0	5,160	5,160
Student Intervention Services	18,379	0	34,017	15,638
Other	233,289	0	0	(233,289)
Support Services:				
Pupils	341,727	0	0	(341,727)
Instructional Staff	380,033	0	95,662	(284,371)
Board of Education	166,937	0	0	(166,937)
Administration	506,555	0	36,207	(470,348)
Fiscal	166,148	0	0	(166,148)
Operation and Maintenance of Plant	688,872	0	64,161	(624,711)
Pupil Transportation	449,102	0	517,227	68,125
Central	3,705	0	0	(3,705)
Operation of Non-Instructional Services:				
Food Service	519,759	25,178	515,261	20,680
Community Service	25,955	0	0	(25,955)
Extracurricular Activities	149,057	66,921	2,575	(79,561)
Interest and Fiscal Charges	60,109	0	0	(60,109)
Total Governmental Activities	$8,487,339	$709,235	$3,084,404	(4,693,700)

General Revenues:	
Property Taxes Levied for:	
General Purposes	855,540
Capital Outlay	208,041
Debt Service	53,343
Classroom Maintenance	13,922
Grants and Entitlements not Restricted to Specific Programs	8,596,260
Payments in Lieu of Taxes	4,005
Investment Earnings	111,392
Insurance Recoveries	12,812
Miscellaneous	116,461
Total General Revenues	9,971,776
Change in Net Position	5,278,076
Net Position at Beginning of Year, Restated	1,080,139
Net Position at End of Year	$6,358,215

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$7,318,390	$1,039,964	$526,045	$8,884,399
Cash and Cash Eqivalents in Segregated Accounts	0	0	250	250
Property Taxes Receivable	1,298,125	290,703	103,863	1,692,691
Interfund Receivable	37,249	0	0	37,249
Intergovernmental Receivable	0	0	254,396	254,396
Inventory Held for Resale	0	0	5,624	5,624
Materials and Supplies Inventory	0	0	2,796	2,796
Total Assets	$8,653,764	$1,330,667	$892,974	$10,877,405
Liabilities:				
Accounts Payable	$42,174	$78,218	$93,343	$213,735
Accrued Wages and Benefits	695,765	0	143,227	838,992
Contracts Payable	0	37,801	0	37,801
Intergovernmental Payable	161,975	0	8,414	170,389
Interfund Payable	0	0	37,249	37,249
Total Liabilities	899,914	116,019	282,233	1,298,166
Deferred Inflows of Resources:				
Property Taxes	1,256,539	281,390	100,536	1,638,465
Intergovernmental	0	0	217,147	217,147
Total Deferred Inflows of Resources	1,256,539	281,390	317,683	1,855,612
Fund Balances:				
Nonspendable	10,014	0	2,796	12,810
Restricted	0	933,258	529,622	1,462,880
Assigned	875,937	0	0	875,937
Unassigned	5,611,360	0	(239,360)	5,372,000
Total Fund Balances	6,497,311	933,258	293,058	7,723,627
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$8,653,764	$1,330,667	$892,974	$10,877,405

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Funds Balances		$7,723,627
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and and therefore are not reported in the funds.		11,670,567
Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	454,569	
Intergovernmental	217,147	
Total receivables that are deferred in the funds		671,716
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
General obligation bonds	(315,000)	
Long-term notes	(335,000)	
Ohio Department of Administrative Services energy loan	(202,535)	
Energy Optimizer loan	(507,557)	
Accrued interest on bonds	(4,491)	
Capital leases	(6,106)	
Compensated absences	(412,852)	
Total liabilities not reported in funds		(1,783,541)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	4,203,158	
Deferred Outflows - OPEB	119,104	
Deferred Inflows - Pension	(550,587)	
Defferred Inflows - OPEB	(326,503)	
Net Pension Liability	(12,426,163)	
Net OPEB Liability	(2,943,163)	
Total		(11,924,154)
Net Position of Governmental Activities		$6,358,215

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$790,327	$195,123	$62,758	$1,048,208
Intergovernmental	10,194,266	14,908	1,960,691	12,169,865
Interest	104,409	0	6,983	111,392
Tuition and Fees	607,248	0	0	607,248
Extracurricular Activities	0	0	66,921	66,921
Gifts and Donations	8,200	0	3,575	11,775
Charges for Services	9,888	0	25,178	35,066
Payments in Lieu of Taxes	4,005	0	0	4,005
Miscellaneous	74,436	32,394	9,631	116,461
Total Revenues	11,792,779	242,425	2,135,737	14,170,941
Expenditures:				
Current:				
Instruction:				
Regular	4,441,397	104,847	459,107	5,005,351
Special	1,565,180	0	639,398	2,204,578
Student Intervention Services	9,764	0	38,993	48,757
Other	228,017	0	0	228,017
Support Services:				
Pupils	493,778	0	0	493,778
Instructional Staff	273,338	87,802	166,250	527,390
Board of Education	166,755	5,572	0	172,327
Administration	871,983	1,572	57,235	930,790
Fiscal	256,353	0	2,541	258,894
Operation and Maintenance of Plant	980,221	8,000	0	988,221
Pupil Transportation	574,662	83,368	12,961	670,991
Operation of Non-Instructional Services	0	24,032	584,754	608,786
Extracurricular Activities	124,212	0	75,394	199,606
Capital Outlay	58,678	657,560	4,815	721,053
Debt Service:				
Principal Retirement	64,756	160,000	55,000	279,756
Interest and Fiscal Charges	38,668	7,553	14,556	60,777
Total Expenditures	10,147,762	1,140,306	2,111,004	13,399,072
Excess of Revenues Over (Under) Expenditures	1,645,017	(897,881)	24,733	771,869
Other Financing Sources (Uses):				
Inception of Capital Lease	8,501	0	0	8,501
Insurance Recoveries	0	12,812	0	12,812
Transfers In	0	1,300,000	39,569	1,339,569
Transfers Out	(1,339,569)	0	0	(1,339,569)
Total Other Financing Sources (Uses)	(1,331,068)	1,312,812	39,569	21,313
Net Change in Fund Balances	313,949	414,931	64,302	793,182
Fund Balances at Beginning of Year- Restated	6,183,362	518,327	228,756	6,930,445
Fund Balances at End of Year	$6,497,311	$933,258	$293,058	$7,723,627

See accompanying notes to the basic financial statements and accountant's report.

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		$793,182
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(186,801)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:		
Property taxes	82,638	
Intergovernmental	(500,976)	
Total revenues not reported in the funds		(418,338)
Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		279,756
In the statement of activities, interest is accrued on outstanding bonds and bond accretion is amortized over the term of the bonds, whereas in governmental funds, and interest expenditure is reported when due:		
Interest on bonds		668
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities:		
Inception of capital lease		(8,501)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Compensated absences		(81,501)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		914,774
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		3,984,837
Change in Net Position of Governmental Activities		$5,278,076

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$737,983	$800,581	$800,581	$0
Intergovernmental	9,061,094	9,786,803	10,194,266	407,463
Interest	75,000	95,012	104,409	9,397
Tuition and Fees	605,942	586,246	607,248	21,002
Charges for Services	10,000	9,888	9,888	0
Contributions and Donations	5,000	8,200	8,200	0
Payment in Lieu of Taxes	0	4,005	4,005	0
Miscellaneous	20,000	73,824	74,436	612
Total Revenues	10,515,019	11,364,559	11,803,033	438,474
Expenditures:				
Current:				
Instruction:				
Regular	5,041,955	4,473,723	4,475,536	(1,813)
Special	1,766,029	1,580,154	1,596,494	(16,340)
Vocational	30,000	5,000	5,000	0
Student Intervention Services	20,850	9,301	9,764	(463)
Other	15,000	227,850	227,850	0
Support Services:				
Pupils	526,593	482,472	485,213	(2,741)
Instructional Staff	248,141	293,540	295,778	(2,238)
Board of Education	219,500	189,978	179,315	10,663
Administration	945,380	879,032	886,201	(7,169)
Fiscal	244,650	260,326	260,580	(254)
Operation and Maintenance of Plant	1,205,181	1,202,519	993,815	208,704
Pupil Transportation	764,150	617,206	573,861	43,345
Extracurricular Activities	157,375	118,640	124,425	(5,785)
Capital Outlay	48,996	58,678	58,678	0
Debt Service:				
Principal	60,449	52,035	60,988	(8,953)
Interest	38,805	37,475	38,267	(792)
Total Expenditures	11,333,054	10,487,929	10,271,765	216,164
Excess of Revenues Over (Under) Expenditures	(818,035)	876,630	1,531,268	654,638
Other Financing Uses:				
Other Financing Uses	(1,000,000)	(500,000)	0	500,000
Transfers Out	(1,000,000)	(1,300,000)	(1,339,569)	(39,569)
Total Other Financing Uses	(2,000,000)	(1,800,000)	(1,339,569)	460,431
Net Change in Fund Balances	(2,818,035)	(923,370)	191,699	1,115,069
Fund Balance at Beginning of Year	6,834,940	6,834,940	6,834,940	0
Prior Year Encumbrances Appropriated	137,784	137,784	137,784	0
Fund Balance at End of Year	$4,154,689	$6,049,354	$7,164,423	$1,115,069

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	Private Purpose Trust	Agency
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$41,120	$31,477
Total Assets	$41,120	$31,477
Liabilities:		
Current Liabilities:		
Undistributed Monies	$0	$31,477
Total Liabilities	0	$31,477
Net Position:		
Held in Trust for Scholarships	41,120	
Total Net Position	$41,120	

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
Additions:	
Interest	$630
Total Additions	630
Deductions:	
Payment in Accordance with Trust Agreement	1,834
Change in Net Position	(1,204)
Net Position at Beginning of Year	42,324
Net Position at End of Year	$41,120

See accompanying notes to the basic financial statements and accountant's report.

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Trimble Local School District (the "District") is organized under Article VI, Section 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 serves an area of approximately 39 square miles. It is located in Athens County. It is staffed by 54 non-certificated employees, 80 certificated full-time teaching personnel, and 10 administrative employees who provide services to 814 students and other community members. The District currently operates three instructional buildings, a bus garage, and an athletic complex.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For Trimble Local School 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District has no component units.

The District is associated with five organizations, three of which are defined as jointly governed organizations, two as insurance purchasing pools and one as a claims servicing pool. These organizations are the META Solutions Inc., the Tri-County Career Center, the Coalition of Rural and Appalachian Schools, the Sheakley Workers' Compensation Group Rating Program, and the Athens County School Employee Health and Welfare Benefit Association. These organizations are presented in Notes 20 and 21 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District’s basic financial statement consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

The following are the District's major governmental funds:

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

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

Permanent Improvement Fund- This fund is used to account for financial resources to be used for the acquisition, construction or improvement of capital facilities. The primary source of funding for this fund is property taxes and transfers.

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose, for financial resources to be used for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds; and for the accumulation of resources for and the replacement of general long-term debt principal, interest and related costs.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds include a private purpose trust fund that accounts for a trust held for scholarships and an agency fund which is used to account for student managed activities.

C. Measurement Focus

Government-Wide Financial Statements

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. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

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

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

D. Basis of Accounting

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

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. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources are collectible 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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 the fiscal year-end: property taxes available for advance, accounts receivable, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes 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. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to the liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the District, deferred inflows of resources include property taxes, pension and OPEB. 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 on both the government-wide statement of net position and the governmental fund financial statements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 the governmental funds.

E. 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 records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During the fiscal year 2018, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $104,409, which includes $11,059 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

F. Inventory

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable materials and supplies held for consumption and donated and purchased food. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed or used.

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

G. Prepaid Items

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 the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand dollars. The District does not possess any infrastructure.

Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Any interest incurred during the construction of capital assets is also capitalized.

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

Description	Estimated Lives
Land Improvements	50 years
Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	8 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the statement of net position.

J. Compensated Absences

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

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 5 years of service with the District.

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

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

K. Pensions

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 positon 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.

L. Accrued Liabilities and Long-Term Liabilities

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

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

M. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their 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. Net position restricted for other purposes include federal and state grants restricted to expenses for specified purposes.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. No net position is restricted by enabling legislation.

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

N. Fund Balance Classifications

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

> ***Nonspendable*** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.
>
> ***Restricted*** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.
>
> ***Committed*** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> ***Assigned*** – amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
>
> ***Unassigned*** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

O. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 the governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

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

P. Estimates

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

Q. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the District implemented GASB Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION- (Continued)

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	$4,659,969
Adjustments:	
Net OPEB Liability	(3,598,406)
Deferred Outflow - Payments Subsequent to Measurement Date	18,576
Restated Net Position June 30, 2017	$1,080,139

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.

During fiscal year 2018, the District found an error in the calculation of intergovernmental receivable in the previous years, which resulted in a prior period restatement to the June 30, 2017 Other Governmental Funds fund balance.

	Other Governmental Funds
Fund Balance June 30, 2017	$308,155
Adjustments:	
Decrease in Intergovernmenal Receivable	(79,399)
Restated Fund Balance June 30, 2017	$228,756

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General
GAAP Basis	$191,699
Adjustments:	
Revenue Accruals	(10,254)
Expenditure Accruals	(64,255)
Encumbrances	188,258
Other Sources	8,501
Budget Basis	$313,949

NOTE 5 - ACCOUNTABILITY

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

Nonmajor Special Revenue Funds:	
Lunchroom	$35,225
Title VI-B	36,655
Title I	58,525
Title II-A	8,159
Miscellaneous Federal Grants	98,000

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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 or interest by the United States;

(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government 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 fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;

(4) Bonds and other obligations of the State of Ohio and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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

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

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

(8) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS **-** (Continued)

Investments in stripped principal or interest obligation 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Purchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Investments

Investments are reported at fair value. As of June 30, 2018, the District had the following investment and maturity:

Investment Type	Fair Value	Maturities Less than One Year
STAR Ohio	$3,678,278	$3,678,278

Interest Rate Risk – The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the exception that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – STAR Ohio carries a rating of AAAm by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers’ acceptances to 25 percent of the interim monies available for investment at any one time. The District’s investment in STAR Ohio represents 100 percent of the District’s total investments.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

The District has categorized its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2018. The District only has STAR Ohio as an investment which is valued at its net asset value per share.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property are required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien 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 currently is assessed at varying percentages of true value.

The District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by Athens and Morgan County by June 30, 2018 are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2018. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2018 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amounts available as an advance at June 30, 2018 were $41,586 for the General Fund, $663 for the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, $2,664 for the Bond Retirement Nonmajor Debt Service Fund and $9,313 Permanent Improvement Nonmajor Capital Project Fund.

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

NOTE 7 - PROPERTY TAXES- (Continued)

	2017 Second - Half Collections		2018 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$38,283,920	88.55%	$39,963,860	90.52%
Public Utility Personal	4,950,330	11.45%	4,187,170	9.48%
Total Assessed Value	$43,234,250	100.00%	$44,151,030	100.00%
Total rate per $1,000 of assessed valuation	$34.34		$34.34	

NOTE 8 – RECEIVABLES

Receivables at June 30, 2018, consisted of property taxes, intergovernmental grants, accounts (student fees) and interfund. The District believes that all receivables are considered fully collectible within one year due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Nonmajor Special Revenue Funds:	
Title VI-B	$46,571
School Improvement Grant	100
Title I	84,444
Title II-A	10,473
Miscellaneous Federal Grants	112,808
Total Intergovernmental Receivables	$254,396

NOTE 9 - CAPITAL ASSETS

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

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Nondepreciable Capital Assets:				
Land	$55,370	$0	$0	$55,370
Total Nondepreciable Capital Assets	55,370	0	0	55,370
Depreciable Capital Assets:				
Land Improvements	809,968	137,698	0	947,666
Buildings and Improvements	21,921,507	327,621	0	22,249,128
Furniture, Fixtures and Equipment	1,361,983	35,224	0	1,397,207
Vehicles	1,141,340	83,368	0	1,224,708
Total Depreciable Capital Assets	25,234,798	583,911	0	25,818,709
Total Capital Assets	25,290,168	583,911	0	25,874,079
Accumulated Depreciation:				
Land Improvements	(659,056)	(32,168)	0	(691,224)
Buildings and Improvements	(11,250,136)	(532,490)	0	(11,782,626)
Furniture, Fixtures and Equipment	(953,748)	(98,776)	0	(1,052,524)
Vehicles	(569,860)	(107,278)	0	(677,138)
Total Accumulated Depreciation	(13,432,800)	(770,712)	0	(14,203,512)
Total Net Capital Assets	$11,857,368	($186,801)	$0	$11,670,567

***NOTE 9 - CAPITAL ASSETS* - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$281,366
Special	131,792
Other	5,272
Support Services:	
Pupils	31,630
Instructional Staff	6,783
Administration	49,208
Fiscal	10,743
Operation and Maintenance of Plant	21,949
Pupil Transportation	107,101
Central	883
Operation of Non-Instructional Services:	
Food Service	88,801
Extracurricular Activities	35,184
Total Depreciation Expense	$770,712

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District joined together with other school districts in Ohio to participate in the Metropolitan Education Council Liability, Fleet and Property Program, a public entity insurance purchasing pool.

The types and amounts of coverage provided by the Liberty Mutual Insurance Company are as follows:

Property	Deductible	Limits of Coverage
General Liability:		
Each Occurrence	Nil	$6,000,000
Aggregate Limit		$7,000,000
Employee Benefit Program		
Each Employee	1,000	1,000,000
Aggregate	1,000	3,000,000
School Leaders Error and Omissions	1,000	1,000,000
Building and Contents	Nil	38,677,670
Forgery and Alterations	1,000	50,000
Public Employee Dishonesty	1,000	100,000
Fleet	Nil	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2017.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

Ohio Revised Code limits the 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 Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description –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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS **-** (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 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. 0.5 of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $214,928 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

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

***NOTE 11 - DEFINED BENEFIT PENSION PLANS* -** (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 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, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was $669,120 for fiscal year 2018. Of this amount $115,492 is reported as an intergovernmental payable.

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

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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.04893050%	0.03717114%	
Proportion of the Net Pension Liability Current Measurement Date	0.05196320%	0.03923971%	
Change in Proportionate Share	0.00303270%	0.00206857%	
Proportionate Share of the Net Pension Liability	$3,104,686	$9,321,477	$12,426,163
Pension Expense	($28,385)	($3,557,910)	($3,586,295)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$133,617	$359,949	$493,566
Changes of Assumptions	160,545	2,038,710	2,199,255
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	169,181	457,108	626,289
District Contributions Subsequent to the Measurement Date	214,928	669,120	884,048
Total Deferred Outflows of Resources	$678,271	$3,524,887	$4,203,158
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$0	$75,127	$75,127
Net Difference between Projected and Actual Investment Earnings	14,738	307,619	322,357
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	0	153,103	153,103
Total Deferred Inflows of Resources	$14,738	$535,849	$550,587

$884,048 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$207,054	$465,582	$672,636
2020	234,730	884,052	1,118,782
2021	89,461	693,163	782,624
2022	(82,640)	277,121	194,481
Total	$448,605	$2,319,918	$2,768,523

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate **-**The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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	$4,308,498	$3,104,686	$2,096,249

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 11 - DEFINED BENEFIT PENSION PLANS **-** (Continued)

	July 1, 2017	July 1, 2016
Inflation	2.50%	2.75%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment Rate of Return	7.45%, net of investment expenses	7.75%, net of investment expenses
Payroll Increases	3%	3.50%
Cost-of-Living Adjustments (COLA)	0.00% effective July 1, 2017	2 % simple applied as follows: for members retiring before August 1, 2013, or later, 2 % COLA commences on 5th anniversary of retirement date.

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

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

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS **-** (Continued)

***Discount Rate* -** The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75% 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% 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%, 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%) or one-percentage-point higher (8.45%) 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	$13,362,020	$9,321,477	$5,917,925

NOTE 12 - 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.

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

NOTE 12 - 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 *intergovernmental 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, 0.5 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 $30,726.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

The surcharge, added 0.5 percent 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 $7,960 for fiscal year 2018. Of this amount $0 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

OPEB Liabilities, 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.05261970%	0.03923971%	
Current Measurement Date	0.05261970%	0.03923971%	
Change in Proportionate Share	0.00000000%	0.00000000%	
Proportionate Share of the Net			
OPEB Liability	$1,412,174	$1,530,989	$2,943,163
OPEB Expense	$68,632	($467,174)	($398,542)

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$0	$88,378	$88,378
District contributions subsequent to the measurement date	30,726	0	30,726
Total Deferred Outflows of Resources	$30,726	$88,378	$119,104
Deferred Inflows of Resources			
Net difference between projected and actual investment	$3,730	$65,438	$69,168
Changes of assumptions	134,008	123,327	257,335
Total Deferred Inflows of Resources	$137,738	$188,765	$326,503

$30,726 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	($49,486)	($22,184)	($71,670)
2020	(49,486)	($22,184)	(71,670)
2021	(37,832)	($22,184)	(60,016)
2022	(934)	($22,182)	(23,116)
2023	0	(5,824)	(5,824)
Thereafter	0	(5,829)	(5,829)
Total	($137,738)	($100,387)	($238,125)

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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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.

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:

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	$1,705,381	$1,412,174	$1,179,880

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

	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	$1,145,874	$1,412,174	$1,764,628

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	$2,055,328	$1,530,989	$1,116,589

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$1,063,665	$1,530,989	$2,146,041

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to sick leave accrual. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for certified employees and 50 days for classified employees.

Insurance Benefits

The Board of Education provides health, major medical, and prescription insurance to eligible employees through the Athens County School Employee Health and Welfare Benefit Association. Currently, two plans are available to district employees, PPO Plan 1 and PPO Plan 2.

The Board of Education covers 85 percent of family coverage premiums and 90 percent of single coverage premiums of certified employees enrolled in PPO Plan 2. The Boards month contribution for family and single premium coverage is $1,711 and $678 respectively for certified employees.

The Board of Education covers 92 percent of family coverage premiums and 97 percent of single coverage premiums of classified employees enrolled in PPO Plan 2. The Boards monthly contribution for family and single premium coverage is $1,852 and $731 respectively for classified employees.

NOTE 13 – EMPLOYEES BENEFITS – (Continued)

For those employees who choose PPO Plan 1 or the HDHP with HSA, the Boards dollar amount share of insurance costs remains the same, increasing the amount of the employee's share of insurance.

The District provides life insurance to employees through American United Life in the amount of $20,000 for all employees.

Dental coverage is provided through CoreSource. Monthly premiums remained $49.55 for all employees in fiscal year 2018.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2018 fiscal year were as follows:

	Issue Date	Interest Rate	*Principal Outstanding at June 30, 2017	Additions	Deductions	Principal Outstanding at June 30, 2018	Amount Due In One Year
Governmental Activities:							
Bond Refinancing Issue	2006	4.25%	$370,000	$0	$55,000	$315,000	$60,000
Roofing Project Note			495,000	0	160,000	335,000	165,000
Department of Administrative							
Services Loan			219,869	0	17,334	202,535	17,508
Energy Optimizers Loan			551,211		43,654	507,557	46,751
Total General Obligation Bonds			1,636,080	0	275,988	1,360,092	289,259
Net Pension Liability:							
STRS		N/A	12,442,301	0	3,120,824	9,321,477	0
SERS		N/A	3,581,261	0	476,575	3,104,686	0
Total Net Pension Liability			16,023,562	0	3,597,399	12,426,163	0
Net OPEB Liability:							
STRS		N/A	2,098,550	0	567,561	1,530,989	0
SERS		N/A	1,499,856	0	87,682	1,412,174	0
Total Net OPEB Liability			3,598,406	0	655,243	2,943,163	0
Capital Leases Payable			1,373	8,501	3,768	6,106	2,525
Compensated Absences Payable		N/A	331,351	143,935	62,434	412,852	97,654
Total Governmental Activities Long-Term Obligations			$21,590,772	$152,436	$4,594,832	$17,148,376	$389,438

*Restated

Refinancing Bonds – The District issued general obligation bonds for $645,000. The bond proceeds were used to retire a portion of the 2000 classroom facilities bonds. The bonds were issued on November 8, 2006 with an interest rate of 4.09 percent. The bonds included current interest bonds of $610,000 and capital appreciation bonds of $35,000.

Department of Administrative Services Loan – On March 7, 2014, the District obtained a $262,454 loan through the Department of Administrative Services to be used for energy upgrades. The loan has a 1 percent interest rate. The loan will mature on February 1, 2029. The loan will be paid through the District's General Fund.

Roofing Project Note – On March 25, 2015, the District entered into a loan agreement with JPMorgan Chase. The loan proceeds were used for roof improvement on a District building. The loan will mature on December 1, 2019.

NOTE 14 – LONG-TERM OBLIGATIONS – (Continued)

Energy Optimizers Loan – On October 20, 2016, the District entered into an energy efficiency service agreement with Energy Optimizers. The loan will mature on October 26, 2026.

The District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences payable are paid from the fund from which the person is paid. The capital leases payable are paid from the General Fund.

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 District's voted legal debt margin was $2,613,501 with an unvoted debt margin of $44,151 at June 30, 2018.

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

	General Obligation Bonds		Department of Administrative Services		Roofing Project Note	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2019	$60,000	$12,112	$17,508	$1,486	$165,000	$4,595
2020	60,000	9,562	17,684	1,355	170,000	1,547
2021	60,000	7,013	17,861	1,222	0	0
2022	65,000	4,357	18,039	1,088	0	0
2023	70,000	1,488	18,220	952	0	0
2024-2028	0	0	93,879	2,423	0	0
2029	0	0	19,344	84	0	0
Total	$315,000	$34,532	$202,535	$8,610	$335,000	$6,142

	Energy Optimizers Loan		Total	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
2019	$46,751	$33,415	$289,259	$51,608
2020	50,064	30,101	297,748	42,565
2021	53,615	26,551	131,476	34,786
2022	57,417	22,748	140,456	28,193
2023	61,487	18,679	149,707	21,119
2024-2028	238,223	28,995	332,102	31,418
2029	0	0	19,344	84
Total	$507,557	$160,489	$1,360,092	$209,773

NOTE 15- CAPITAL LEASES - LESSEE DISCLOSURE

During 2018, the District entered into a new capital lease for a copier in the amount of $8,501. The District has entered into lease agreements for copiers. These lease obligations meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 62, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments in fiscal year 2018 totaled $3,768 in the governmental funds.

The equipment has been capitalized in the amount of $45,761, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of June 30, 2018, was $42,219, leaving a remaining book value of $3,542.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30	General Long-Term Obligations
2019	$2,788
2020	2,788
2021	929
Total Future Minimum Lease Payments	6,505
Less: Amount Representing Interest	(399)
Present Value of Net Minimum Lease Payments	$6,106

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2018, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$37,249	$0
Nonmajor Special Revenue Funds:		
Title VI-B	0	11,465
School Improvement Grant	0	100
Title I	0	21,278
Title II-A	0	2,618
Miscellaneous Federal Grants	0	1,788
Total Nonmajor Special Revenue Funds	0	37,249
Total	$37,249	$37,249

***NOTE 16 - INTERFUND ACTIVITY* - (Continued)**

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of $37,249 due to the General Fund from the funds listed is a result of advances made to these funds by the General Fund, which were not repaid as of June 30, 2018.

	Transfers To		
Transfers From	Permanent Improvement	Nonmajor Special Revenue Funds	Total
General	$1,300,000	$39,569	$1,339,569

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of $1,339,569 is the result of transfers from the General Fund to the finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17– FUND BALANCES

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

NOTE 17– FUND BALANCES - (Continued)

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	$0	$0	$2,796	$2,796
Unclaimed Monies	10,014	0	0	10,014
Total Nonspendable	10,014	0	2,796	12,810
Restricted:				
Special Revenues:				
Scholarship	0	0	11,576	11,576
Facilities Maintenance	0	0	207,097	207,097
Athletics	0	0	45,390	45,390
Local Grants	0	0	97,728	97,728
State Grants	0	0	4,203	4,203
Debt Service	0	0	154,981	154,981
Permanent Improvement	0	933,258	0	933,258
Capital Projects	0	0	8,647	8,647
Total Restricted	0	933,258	529,622	1,462,880
Assigned:				
Encumbrances:				
Regular Instruction	73,195	0	0	73,195
Special Instruction	45,026	0	0	45,026
Vocational Instruction	5,000	0	0	5,000
Instructional Staff	19,438	0	0	19,438
Board of Education	16,299	0	0	16,299
Administration	14,713	0	0	14,713
Fiscal	1,446	0	0	1,446
Operation and Maintenance of Plant	8,141	0	0	8,141
Pupil Transportation	5,000	0	0	5,000
Future Appropriations	687,320	0	0	687,320
Library Automation	359	0	0	359
Total Assigned	875,937	0	0	875,937
Unassigned	5,611,360	0	(239,360)	5,372,000
Total Fund Balances	$6,497,311	$933,258	$293,058	$7,723,627

NOTE 18 - STATUTORY SET-ASIDES

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

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2018:

	Capital Improvement
Set-Aside Balance as of July 1, 2017	$0
Current Year Set-Aside Requirement	143,374
Qualifying Disbursements	(143,374)
Total	0
Set-Aside Reserve Balance as of June 30, 2018	$0

Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

NOTE 19– ENCUMBRANCE COMMITMENTS

At June 30, 2018, the District had encumbrance commitments in the Governmental Funds as follows:

Major Funds	
General	$188,258
Permanent Improvement	655,420
Nonmajor Funds	
Facilities Maintenance	39
Athletics	800
Miscellaneous Federal Grants	124,906
Total Nonmajor Funds	125,745
Total Encumbrances	$969,423

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

META Solutions

The District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation of the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302. The District made payments of $105,998 to META Solutions for fiscal year 2018.

Tri - County Career Center

The Tri-County Career Center is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven appointed representatives from the eight participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Tri-County Career Center, Laura F. Dukes, CPA, Treasurer, at 15676 State Route 691, Nelsonville, Ohio 45764.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2018, the District paid $325 for membership. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

NOTE 21- INSURANCE PURCHASING AND CLAIMS SERVICING POOLS

Sheakley Worker's Compensation Group Rating Program

The District is a member of the Sheakley Workers' Compensation Group Rating Program established in April 2004. The program was created by the Ohio Association of School Business Officials as a result of the Workers' Compensation group rating plan as defined in section 4123.29, of the Ohio Revised Code. The group-rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

Athens County School Employee Health and Welfare Benefit Association

The District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 98, Dola, Ohio 45865.

NOTE 22 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2018, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no pending litigation that would have a material effect 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. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

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TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net Pension Liability

Last Five Measurement Periods (1)

	2017	2016	2015	2014	2013
School Employees Retirement System of Ohio					
District's Proportion of the Net Pension Liability	0.0519632%	0.04893050%	0.0495220%	0.0465780%	0.0465780%
District's Proportionate Share of the Net Pension Liability	$3,104,686	$3,581,261	$2,825,773	$2,357,286	$2,769,844
District's Covered Payroll	$1,563,429	$1,803,429	$1,865,918	$1,345,318	$1,348,661
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	198.58%	198.58%	151.44%	175.22%	205.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System of Ohio					
District's Proportion of the Net Pension Liability	0.03923971%	0.03717114%	0.03732843%	0.3823040%	0.3823040%
District's Proportionate Share of the Net Pension Liability	$9,321,477	$12,442,301	$10,316,486	$9,298,954	$11,076,856
District's Covered Payroll	$4,059,914	$3,635,086	$3,901,714	$3,950,953	$4,002,285
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	229.60%	342.28%	264.41%	235.36%	276.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net OPEB Liablity

Last Two Fiscal Years (1)

	2018	2017
School Employees Retirement System of Ohio		
District's Proportion of the Net OPEB Liability	0.05261970%	0.05261970%
District's Proportionate Share of the Net OPEB Liability	$1,412,174	$1,499,856
District's Covered-Employee Payroll	$1,592,057	$1,563,429
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	88.70%	95.93%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
State Teachers Retirement System of Ohio		
District's Proportion of the Net OPEB Liability	0.03923971%	0.03923971%
District's Proportionate Share of the Net OPEB Liability	$1,530,989	$2,098,550
District's Covered-Employee Payroll	$4,779,429	$4,059,914
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	32.03%	51.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 207 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

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TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Contributions
School Employees Retirement Systems of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Pension				
Contractually Required Contributions	$214,928	$218,880	$252,480	$245,928
Contributions in Relation to the Contractually Required Contributions	(214,928)	(218,880)	(252,480)	(245,928)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$1,592,057	$1,563,429	$1,803,429	$1,865,918
Contributions as a Percentage of Covered-Employee Payroll	13.50%	14.00%	14.00%	13.18%
OPEB				
Contractually Required Contributions (1)	$7,960	$0	$0	$15,301
Contributions in Relation to the Contractually Required Contributions	(7,960)	0	0	(15,301)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$1,592,057	$1,563,429	$1,803,429	$1,865,918
Contributions as a Percentage of Covered-Employee Payroll	0.50%	0.00%	0.00%	0.82%

(1) Excludeds surcharge amounts.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$186,461	$186,655	$219,158	$218,945	$143,864	$150,556
(186,461)	(186,655)	(219,158)	(218,945)	(143,864)	(150,556)
$0	$0	$0	$0	$0	$0
$1,345,318	$1,348,661	$1,583,512	$1,741,806	$1,062,511	$1,530,041
13.86%	13.84%	13.84%	12.57%	13.54%	9.84%
$1,883	$2,158	$3,451	$5,139	$11,870	$10,848
(1,883)	(2,158)	(3,451)	(5,139)	(11,870)	(10,848)
$0	$0	$0	$0	$0	$0
$1,345,318	$1,348,661	$1,583,512	$1,741,806	$1,062,511	$1,530,041
0.14%	0.16%	0.55%	1.43%	0.46%	4.16%

TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2018	2017	2016	2015	2014
Pension					
Contractually Required Contributions	$669,120	$568,388	$508,912	$546,240	$513,624
Contributions in Relation to the Contractually Required Contributions	(669,120)	(568,388)	(508,912)	(546,240)	(513,624)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
District Covered-Employee Payroll	$4,779,429	$4,059,914	$3,635,086	$3,901,714	$3,950,953
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.00%
OPEB					
Contractually Required Contributions	$0	$0	$0	$0	$39,510
Contributions in Relation to the Contractually Required Contributions	0	0	0	0	(39,510)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
District Covered-Employee Payroll	$4,779,429	$4,059,914	$3,635,086	$3,901,714	$3,950,953
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	1.00%

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

2013	2012	2011	2010	2009
$520,297	$592,727	$610,570	$565,405	$587,683
(520,297)	(592,727)	(610,570)	(565,405)	(587,683)
$0	$0	$0	$0	$0
$4,002,285	$4,559,438	$4,696,692	$4,349,269	$4,520,638
13.00%	13.00%	13.00%	13.00%	13.00%
$40,023	$45,594	$46,967	$43,493	$45,206
(40,023)	(45,594)	(46,967)	(43,493)	(45,206)
$0	$0	$0	$0	$0
$4,002,285	$4,559,438	$4,696,692	$4,349,269	$4,520,638
1.00%	1.00%	1.00%	1.00%	1.00%

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NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Assumption Changes Since Prior Measurement Date – For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Other Postemployment Benefits

Assumption Changes Since the Prior Measurement Date – 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

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Assumption Changes Since Prior Measurement Date – Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO - Continued

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 expense, including inflation	7.75 percent net of investment expense, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For fiscal year 2018 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% 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 fiscal year 2017 and prior 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.

Other Postemployment Benefits

Assumption Changes Since the Prior Measurement Date – For fiscal year 2018, 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 for fiscal year 2018, 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.

TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

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

FEDERAL GRANTOR/ *Pass Through Grantor* **Program Title/Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Receipts**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Ohio Department of Education:					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555	2017/2018	$0	$24,706	$24,706
Cash Assistance:					
School Breakfast Program	10.553	2017/2018	0	156,615	156,615
National School Lunch Program	10.555	2017/2018	0	308,539	308,539
Cash Assistance Subtotal			0	465,154	465,154
Total Child Nutrition Cluster			0	489,860	489,860
Fresh Fruit and Vegetable Program	10.582	2017/2018	0	16,148	16,148
Total U.S. Department of Agriculture			0	506,008	506,008
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education:					
Title I Grants to Local Educational Agencies	84.010	2017	0	179,493	130,983
		2018	0	456,173	477,550
Total Title I Grants to Local Educational Agencies			0	635,666	608,533
Special Education Cluster:					
Special Education Grants to States	84.027	2017	0	44,759	29,007
		2018	0	240,795	252,260
Total Special Education - Grants to States			0	285,554	281,267
Special Education Preschool Grants	84.173	2017	0	2,150	1,440
		2018	0	6,639	6,639
Total Special Education - Preschool Grants			0	8,789	8,079
Total Special Education Cluster			0	294,343	289,346
Twenty-First Century Community Learning Centers	84.287	2017	97,070	100,647	100,579
		2018	162,946	171,374	171,663
Total Twenty-First Century Community Learning Centers			260,016	272,021	272,242
Rural Education	84.358	2017	0	3,021	1,813
		2018	0	16,485	17,984
Total Rural Education			0	19,506	19,797
Improving Teacher Quality State Grant	84.367	2017	0	15,206	10,171
		2018	0	54,984	57,602
Total Improving Teacher Quality State Grant			0	70,190	67,773
Student Support and Enrichment Grants	84.424	2018	0	9,000	9,000
Total Student Support and Enrichment Grants			0	9,000	9,000
Total U.S. Department of Education			260,016	1,300,726	1,266,691
Total Expenditures of Federal Awards			**$260,016**	**$1,806,734**	**$1,772,699**

The accompanying notes are an integral part of this Schedule.

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Trimble Local 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 - SUBRECIPIENTS

The District passes certain federal awards received from the U.S. Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash,

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Trimble Local School District
Athens County
1 Tomcat Drive
Glouster, Ohio 45732-9335

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, each major fund, and the remaining fund information of the Trimble Local School District, Athens County, (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 14, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2018-001 to be a material weakness.

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*.

Entity*'s Response to Findings*

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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

Trimble Local School District
Athens County
1 Tomcat Drive
Glouster, Ohio 45732-9335

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

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 Trimble Local 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified 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, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings as item 2018-002.

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2019

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TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS 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)?**	Yes
(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?**	Yes
(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):** • 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

FINDING 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

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

FINDING 2018-001 (Continued)

Material Weakness – Financial Reporting (Continued)

For the year ended June 30, 2018:

- The District original budgeted revenues as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis) for the General Fund differed from those approved through the Budget Commission resulting in audit adjustments decreasing Property Taxes $78,017, Intergovernmental $957,906, and Tuition and Fees $64,058.

- Due to adjustments in grant allocations through the Ohio Department of Education, Other Governmental Funds Intergovernmental Receivable and Deferred Inflow of Resources: Intergovernmental were overstated by $140,529 resulting in audit adjustment.

In addition, uncorrected identified differences from the prior audit resulted in prior year Intergovernmental Revenue and Fund Balance at the End of Year in Other Governmental Funds being overstated by $79,399. As a result, the current year Fund Balance at the Beginning of the Year was decreased $79,399 and Intergovernmental Revenue were increased $79,399.

These misstatements were caused by confusion over proper recording and went undetected due to a lack of adequate monitoring. As a result, significant adjustments with which the District's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the District Treasurer should review annual financial report compilation files.

Officials' Response: See Corrective Action Plan on page 93.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Period of Availability

Finding Number	2018-002		
CFDA Title and Number	Title I Grants to Local Educational Agencies, CFDA # 84.010		
Federal Award Identification Number / Year	2017		
Federal Agency	U.S. Department of Education		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	No	**Finding Number (if repeat)**	N/A

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING 2018-002 (Continued)

Noncompliance and Significant Deficiency

2 CFR § 3474.1 gives regulatory effect to the Department of Education for 2 CFR § 200.309 which states a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

The District expended $24,699 from Title I Grants to Local Educational Agencies for the 2017 grant year to pay for salaries relating to work performed in fiscal year 2018. As such, these expenditures to the grant that were obligated after the grant period which can lead to questioned costs. This was an oversight by the Treasurer.

The Treasurer and Superintendent should review transactions charged to federal grants to ensure they are paid from the proper grant year.

Officials' Response: See Corrective Action Plan on page 93.

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Trimble Local School District

Board of Education District Office
One Tomcat Drive
Glouster, Ohio 45732-9335
p.740.767.4444
f.740.767.4901

trimble.k12.oh.us

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The District has discussed this finding with its GAAP Auditor, J.L. Uhrig & Associates. The adjustments have been reflected in the current financial statements and both the District and auditing firm have arranged for additional resources for the upcoming audit to prevent this from repeating itself in future audits with a more in-depth review of financial reports.	Immediately	Jared Bunting, Treasurer
2018-002	This was an oversight by the Treasurer and will be more closely monitored in the future. At the end of the each grant year all transactions will be reviewed to ensure proper allocation, coding and purpose have been followed.	Immediately	Jared Bunting, Treasurer

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OHIO AUDITOR OF STATE
KEITH FABER

TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS 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