TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2019

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KEITH FABER

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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, 2019, 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, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund, thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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/Assets 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 Receipts and 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 19, 2020, 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 19, 2020

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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, 2019. 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, 2019 by $7,631,567. Of this amount, $12,107,726 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining deficit of $4,476,159 represents unrestricted net position.

- In total, net position of governmental activities increased by $1,273,352 which represents a 20.03 percent increase from 2018.

- General revenues accounted for $10,380,160, or 72.28 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $3,980,700 or 27.72 percent of total revenues of $14,360,860.

- The District had $13,087,508 in expenses related to governmental activities; only $3,980,700 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 $10,380,160 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 $12,164,224 in revenues and $11,472,645 in expenditures in fiscal year 2019.

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 Fund 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 2019 compared to fiscal year 2018:

Table 1
Net Position at Year End

	Governmental Activities		
	2019	2018	Change
Assets:			
Current and Other Assets	$11,194,372	$10,840,156	$354,216
Capital Assets, net	12,216,358	11,670,567	545,791
Total Assets	23,410,730	22,510,723	900,007
Deferred Outflows of Resources:			
Pension	3,253,605	4,203,158	(949,553)
OPEB	143,940	119,104	24,836
Total Deferred Outflows of Resources	3,397,545	4,322,262	(924,717)
Liabilities:			
Current and Other Liabilities	1,525,096	1,265,408	259,688
Long-Term Liabilities:			
Due Within One Year	467,588	389,438	78,150
Due in More Than One Year:			
Net Pension Liability	11,411,287	12,426,163	(1,014,876)
Net OPEB Liability	1,465,031	2,943,163	(1,478,132)
Other Amounts	1,257,144	1,389,612	(132,468)
Total Liabilities	16,126,146	18,413,784	(2,287,638)
Deferred Inflows of Resources:			
Property Taxes	1,112,335	1,183,896	(71,561)
Pension	827,998	550,587	277,411
OPEB	1,110,229	326,503	783,726
Total Deferred Inflows of Resources	3,050,562	2,060,986	989,576
Net Position:			
Net Investment in Capital Assets	11,073,995	10,506,904	567,091
Restricted	1,033,731	1,486,116	(452,385)
Unrestricted	(4,476,159)	(5,634,805)	1,158,646
Total Net Position	$7,631,567	$6,358,215	$1,273,352

The net pension liability (NPL) and other postemployment benefits liability (OPEB) are the largest liabilities reported by the District at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." 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 and net OPEB liability*. GASB Statements No. 68 and 75 takes an earnings approach to pension and OPEB 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.

Current and other assets increased $354,216 from fiscal year 2019 due to the accrual of net OPEB asset due to actuarial measurements done by the retirement systems. Capital assets increased by $545,791, due to current year capital asset additions exceeding depreciation.

Current (other) liabilities increased by $259,688 or 20.52 percent, due to an increase in accrued wages and benefits and contracts payable.

Long-term liabilities decreased by $2,547,326 or 14.85 percent, due primarily to the decrease 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 $4,476,159. 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 $1,033,731 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 2019 and provides a comparison to fiscal year 2018.

Table 2

Changes in Net Position

	Governmental Activities		
	2019	2018	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$679,286	$709,235	($29,949)
Operating Grants and Contributions	3,301,414	3,084,404	217,010
General Revenues:			
Property Taxes	1,209,827	1,130,846	78,981
Unrestricted Grants and Entitlements	8,877,433	8,596,260	281,173
Payment in Lieu of Taxes	4,005	4,005	0
Investment Earnings	162,519	111,392	51,127
Insurance Recoveries	0	12,812	(12,812)
Miscellaneous	126,376	116,461	9,915
Total Revenues	14,360,860	13,765,415	595,445

(Continued)

Table 2
Changes in Net Position

	2019	2018	Change
Expenses:			
Program Expenses:			
Instruction:			
Regular	5,644,831	3,472,663	2,172,168
Special	2,154,091	1,305,049	849,042
Student Intervention Services	6,156	18,379	(12,223)
Other	112,906	233,289	(120,383)
Support Services:			
Pupils	538,073	341,727	196,346
Instructional Staff	411,235	380,033	31,202
Board of Education	174,784	166,937	7,847
Administration	1,066,355	506,555	559,800
Fiscal	235,984	166,148	69,836
Operation and Maintenance of Plant	1,076,456	688,872	387,584
Pupil Transportation	690,038	449,102	240,936
Central	23,948	3,705	20,243
Operation of Non-Instructional Services:			
Food Service	640,091	519,759	120,332
Community Service	14,593	25,955	(11,362)
Extracurricular Activities	246,315	149,057	97,258
Interest and Fiscal Charges	51,652	60,109	(8,457)
Total Expenses	13,087,508	8,487,339	4,600,169
Change in Net Position	1,273,352	5,278,076	(4,004,724)
Net Position - Beginning of Year	6,358,215	1,080,139	5,278,076
Net Position - End of Year	$7,631,567	$6,358,215	$1,273,352

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 81.24 percent of the total governmental activities. Regular Instruction, which accounts for 43.13 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 16.46 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 8.23 percent of the total, represent costs associated with operating and maintaining the District's facilities. Administration, which represents 8.15 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 5.27 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 $1,273,352 or 20.03 percent. This is a change from last year when net position increased $5,278,076 or 488.65 percent. Total revenues increased $595,445 or 4.33 percent from last year and expenses increased $4,600,169 or 54.20 percent from last year.

The District had a program revenue increase of $187,061 and an increase in general revenue of $408,384. The increase in program revenue is due primarily to an increase in operating grants and the increase in general revenue is due mostly to an increase in property taxes and unrestricted grants and entitlements.

The total expenses for governmental activities increased $4,600,169 or 54.20 percent, primarily due to an increase in regular and special instruction and operation and maintenance of plant and administration support services. The large increase in expenses is the result of the retirement systems calculations for net pension and net OPEB liabilities.

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 8.42 percent and intergovernmental revenue made up 84.81 percent of the total revenue for the governmental activities in fiscal year 2019.

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 2019, the District received $10,130,454 through the State's foundation program, which represents 70.54 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 60.50 percent of governmental activities program expenses. Support services expenses make up 32.22 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 2019 compared with fiscal year 2018. 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 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program Expenses:				
Instruction	$7,917,984	$5,376,149	$5,029,380	$2,558,933
Support Services	4,216,873	3,533,377	2,703,079	1,989,822
Operation of Non-Instructional Services	654,684	185,777	545,714	5,275
Extracurricular Activities	246,315	(40,147)	149,057	79,561
Interest and Fiscal Charges	51,652	51,652	60,109	60,109
Total Expenses	$13,087,508	$9,106,808	$8,487,339	$4,693,700

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 $15,701,729 and expenditures and other financing uses of $16,083,528.

The fund balances of the total governmental funds decreased by $381,799 or 4.94 percent. The decrease in fund balance for the year was most significant in the Permanent Improvement Fund which decreased $542,384 or 58.12 percent, and was primarily the result of capital outlay during the current year.

The District should remain stable in fiscal years 2020 and 2021. However, projections beyond fiscal year 2021 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 2019, 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 $11,983,167, representing an increase of $684,635 or 6.06 percent from the original budget estimate of $11,298,532. The increase was mostly the result of increased expectations for intergovernmental revenue. The final budget basis expenditures were $11,537,372 representing an increase of $387,191 or 3.47 percent from the original budget basis expenditures of $11,150,181. The increase was primarily due to an increase in operation and maintenance of plant.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had $27,206,341 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 $14,989,983. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2019	2018
Nondepreciable Capital Assets:		
Land	$55,370	$55,370
Construction in Progress	465,666	0
Depreciable Capital Assets:		
Land Improvements	1,422,611	947,666
Buildings and Improvements	22,323,280	22,249,128
Furniture, Fixtures and Equipment	1,588,848	1,397,207
Vehicles	1,350,566	1,224,708
Total Capital Assets	27,206,341	25,874,079
Less Accumulated Depreciation:		
Land Improvements	732,506	691,224
Buildings and Improvements	12,324,286	11,782,626
Furniture, Fixtures and Equipment	1,137,071	1,052,524
Vehicles	796,120	677,138
Total Accumulated Depreciation	14,989,983	14,203,512
Capital Assets, Net	$12,216,358	$11,670,567

More detailed information pertaining to the District's capital asset activity can be found in Note 9 of the notes to the basic financial statements.

Debt Administration

At June 30, 2019, the District had $1,070,833 in general obligation debt outstanding with $297,748 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2019 compared to fiscal year 2018.

Table 5
Outstanding Debt, Governmental Activities at Year End

Purpose	2019	2018
2006 Bond Refinancing	$255,000	$315,000
Roof Project Note	170,000	335,000
Department of Administration Services Loan	185,027	202,535
Energy Optimizers Loan	460,806	507,557
Total	$1,070,833	$1,360,092

More detailed information pertaining to the District's long-term debt activity can be found in Note 14 of 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. The District must rely heavily on State Aide to fund its operations. The most recent State budget froze State Foundation Aide at fiscal year 2019 levels with the addition of Student Success & Wellness Funding. This additional funding along with the base freeze resulted in a balancing effect on the Districts revenue. However, the Success & Wellness Funding is restricted and must be track separately from the General Fund. This indirectly has an impact on the health of the District's overall financial status as unrestricted funding was replaced with restricted funding.

Student enroll continues to trend downwardly and is expected to continue this trend over the next several years with Pre-Kindergarten and Kindergarten enrollment being projected to be less than graduating seniors over the same time period. Once a funding formula returns to the State budget, this could cause a large fluctuation in revenues due to having a frozen funding source and decreasing enrollment reverting to an enrollment-based methodology.

The District engaged in several construction projects over the past several months. The High School building was exhibiting some settling of the foundation and this was repaired in conjunction with a bathroom remodel, which extended to a corridor refresh of the new athletic wing of the building. The foundation issue was primarily contained in the bathroom of the building.

HVAC upgrades were engineered and worked completed over the summer months on a district-wide scale. These upgrades included replacement of outdated non-functional equipment and new control architecture. The cost of this project is projected to be recouped over a 7-9 year period with the savings that are projected to be incurred due to the project.

The District currently in the preliminary stages of litigation alleging inappropriate actions by a then board member elect, now board member.

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, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$8,651,538
Cash and Cash Equivalents in Segregated Accounts	250
Property Taxes Receivable	1,736,473
Intergovernmental Receivable	167,345
Inventory Held for Resale	6,506
Materials and Supplies Inventory	14,134
Net OPEB Asset	618,126
Nondepreciable Capital Assets	521,036
Depreciable Capital Assets, Net	11,695,322
Total Assets	23,410,730
Deferred Outflows of Resources:	
Pension	3,253,605
OPEB	143,940
Total Deferred Outflows of Resources	3,397,545
Liabilities:	
Accounts Payable	102,169
Accrued Wages and Benefits	932,761
Contracts Payable	300,025
Intergovernmental Payable	169,861
Accrued Interest Payable	3,784
Matured Compensated Absences Payable	16,496
Long-Term Liabilities:	
Due within One Year	467,588
Due in More Than One Year:	
Net Pension Liability	11,411,287
Net OPEB Liability	1,465,031
Other Amounts Due in More Than One Year	1,257,144
Total Liabilities	16,126,146
Deferred Inflows of Resources:	
Property Taxes	1,112,335
Pension	827,998
OPEB	1,110,229
Total Deferred Inflows of Resources	3,050,562
Net Position:	
Net Investment in Capital Assets	11,073,995
Restricted for:	
Capital Outlay	480,043
Debt Service	158,206
Other Purposes	395,482
Unrestricted	(4,476,159)
Total Net Position	$7,631,567

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		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	$5,644,831	$600,431	$590,540	($4,453,860)
Special	2,154,091	0	1,345,265	(808,826)
Vocational	0	0	5,599	5,599
Student Intervention Services	6,156	0	0	(6,156)
Other	112,906	0	0	(112,906)
Support Services:				
Pupils	538,073	0	1,072	(537,001)
Instructional Staff	411,235	0	132,993	(278,242)
Board of Education	174,784	0	0	(174,784)
Administration	1,066,355	0	33,637	(1,032,718)
Fiscal	235,984	0	0	(235,984)
Operation and Maintenance of Plant	1,076,456	0	0	(1,076,456)
Pupil Transportation	690,038	0	506,422	(183,616)
Central	23,948	0	9,372	(14,576)
Operation of Non-Instructional Services:				
Food Service	640,091	24,058	444,849	(171,184)
Community Service	14,593	0	0	(14,593)
Extracurricular Activities	246,315	54,797	231,665	40,147
Interest and Fiscal Charges	51,652	0	0	(51,652)
Total Governmental Activities	$13,087,508	$679,286	$3,301,414	(9,106,808)

General Revenues:	
Property Taxes Levied for:	
General Purposes	922,330
Capital Outlay	223,419
Debt Service	49,567
Classroom Maintenance	14,511
Grants and Entitlements not Restricted to Specific Programs	8,877,433
Payments in Lieu of Taxes	4,005
Investment Earnings	162,519
Miscellaneous	126,376
Total General Revenues	10,380,160
Change in Net Position	1,273,352
Net Position at Beginning of Year	6,358,215
Net Position at End of Year	$7,631,567

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$7,492,543	$664,211	$494,784	$8,651,538
Cash and Cash Eqivalents in Segregated Accounts	0	0	250	250
Property Taxes Receivable	1,340,488	298,279	97,706	1,736,473
Interfund Receivable	31,644	0	0	31,644
Intergovernmental Receivable	0	0	167,345	167,345
Inventory Held for Resale	0	0	6,506	6,506
Materials and Supplies Inventory	10,859	0	3,275	14,134
Total Assets	$8,875,534	$962,490	$769,866	$10,607,890
Liabilities:				
Accounts Payable	$101,915	$0	$254	$102,169
Accrued Wages and Benefits	804,411	0	128,350	932,761
Contracts Payable	0	300,025	0	300,025
Intergovernmental Payable	161,830	0	8,031	169,861
Matured Compensated Absences Payable	16,496	0	0	16,496
Interfund Payable	0	0	31,644	31,644
Total Liabilities	1,084,652	300,025	168,279	1,552,956
Deferred Inflows of Resources:				
Property Taxes	1,220,550	271,591	88,964	1,581,105
Intergovernmental	0	0	132,001	132,001
Total Deferred Inflows of Resources	1,220,550	271,591	220,965	1,713,106
Fund Balances:				
Nonspendable	10,859	0	3,275	14,134
Restricted	0	390,874	507,222	898,096
Assigned	1,707,061	0	0	1,707,061
Unassigned	4,852,412	0	(129,875)	4,722,537
Total Fund Balances	6,570,332	390,874	380,622	7,341,828
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$8,875,534	$962,490	$769,866	$10,607,890

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

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

Total Governmental Funds Balances		$7,341,828
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.		12,216,358
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	468,770	
Intergovernmental	132,001	
Total receivables that are deferred in the funds		600,771
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	(255,000)	
Long-term notes	(170,000)	
Ohio Department of Administrative Services energy loan	(185,027)	
Energy Optimizer loan	(460,806)	
Accrued interest on bonds	(3,784)	
Capital leases	(256,557)	
Compensated absences	(397,342)	
Total liabilities not reported in funds		(1,728,516)
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	3,253,605	
Deferred Outflows - OPEB	143,940	
Deferred Inflows - Pension	(827,998)	
Defferred Inflows - OPEB	(1,110,229)	
Net OPEB Asset	618,126	
Net Pension Liability	(11,411,287)	
Net OPEB Liability	(1,465,031)	
Total		(10,798,874)
Net Position of Governmental Activities		$7,631,567

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$909,067	$220,964	$65,595	$1,195,626
Intergovernmental	10,360,676	14,169	1,645,774	12,020,619
Interest	161,492	0	1,027	162,519
Tuition and Fees	589,983	0	0	589,983
Extracurricular Activities	5,850	0	48,947	54,797
Gifts and Donations	9,500	230,624	3,250	243,374
Charges for Services	10,448	0	24,058	34,506
Payments in Lieu of Taxes	4,005	0	0	4,005
Miscellaneous	113,203	0	13,173	126,376
Total Revenues	12,164,224	465,757	1,801,824	14,431,805
Expenditures:				
Current:				
Instruction:				
Regular	4,787,458	57,458	160,043	5,004,959
Special	1,537,179	0	695,434	2,232,613
Student Intervention Services	1,660	0	4,496	6,156
Other	107,592	0	0	107,592
Support Services:				
Pupils	548,977	436	1,050	550,463
Instructional Staff	279,520	99,896	139,518	518,934
Board of Education	167,898	6,886	0	174,784
Administration	1,118,164	18,282	23,695	1,160,141
Fiscal	238,289	11,294	2,151	251,734
Operation and Maintenance of Plant	1,119,720	46,630	0	1,166,350
Pupil Transportation	619,717	92,479	8,492	720,688
Central	0	18,708	13,717	32,425
Operation of Non-Instructional Services	0	14,362	581,198	595,560
Extracurricular Activities	171,866	0	75,158	247,024
Capital Outlay	599,455	1,297,123	56,436	1,953,014
Debt Service:				
Principal Retirement	139,491	165,000	60,000	364,491
Interest and Fiscal Charges	35,659	4,587	12,113	52,359
Total Expenditures	11,472,645	1,833,141	1,833,501	15,139,287
Excess of Revenues Over (Under) Expenditures	691,579	(1,367,384)	(31,677)	(707,482)
Other Financing Sources (Uses):				
Inception of Capital Lease	325,683	0	0	325,683
Transfers In	0	825,000	119,241	944,241
Transfers Out	(944,241)	0	0	(944,241)
Total Other Financing Sources (Uses)	(618,558)	825,000	119,241	325,683
Net Change in Fund Balances	73,021	(542,384)	87,564	(381,799)
Fund Balances at Beginning of Year	6,497,311	933,258	293,058	7,723,627
Fund Balances at End of Year	$6,570,332	$390,874	$380,622	$7,341,828

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balances - Total Governmental Funds		($381,799)
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 capital outlay exceeded depreciation in the current period.		545,791
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	14,201	
Intergovernmental	(85,146)	
Total revenues not reported in the funds		(70,945)
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.		364,491
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		707
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		(325,683)
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		15,510
Contractually required contributions are reported as expenditures in governmental funds; however, the Atatement of Activities reports these amounts as deferred outflows.		948,981
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		176,299
Change in Net Position of Governmental Activities		$1,273,352

See accompanying notes to the basic financial statements.

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, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Property Taxes	$949,516	$830,715	$830,715	$0
Intergovernmental	9,521,454	10,260,643	10,360,676	100,033
Interest	148,473	160,000	161,492	1,492
Tuition and Fees	547,394	589,890	589,983	93
Extracurricular Activities	5,429	5,850	5,850	0
Charges for Services	8,845	9,532	10,448	916
Contributions and Donations	8,816	9,500	9,500	0
Payment in Lieu of Taxes	3,716	4,005	4,005	0
Miscellaneous	104,889	113,032	113,203	171
Total Revenues	11,298,532	11,983,167	12,085,872	102,705
Expenditures:				
Current:				
Instruction:				
Regular	4,828,896	4,658,411	4,741,121	(82,710)
Special	1,721,000	1,738,000	1,663,300	74,700
Vocational	30,000	30,000	10,000	20,000
Student Intervention Services	24,150	24,150	1,660	22,490
Other	120,000	120,000	108,659	11,341
Support Services:				
Pupils	498,976	572,739	551,962	20,777
Instructional Staff	213,945	245,935	280,712	(34,777)
Board of Education	176,799	207,299	185,221	22,078
Administration	1,089,113	1,099,863	955,022	144,841
Fiscal	224,346	233,071	236,268	(3,197)
Operation and Maintenance of Plant	1,058,325	1,421,525	1,112,203	309,322
Pupil Transportation	755,000	775,550	615,820	159,730
Central	101,100	101,100	0	101,100
Extracurricular Activities	168,375	169,573	172,756	(3,183)
Capital Outlay	40,500	40,500	598,782	(558,282)
Debt Service:				
Principal	63,913	63,913	64,259	(346)
Interest	35,743	35,743	35,396	347
Total Expenditures	11,150,181	11,537,372	11,333,141	204,231
Excess of Revenues Over (Under) Expenditures	148,351	445,795	752,731	306,936
Other Financing Uses:				
Other Financing Uses	(1,000,000)	(1,000,000)	0	1,000,000
Transfers Out	(600,000)	(990,000)	(944,241)	45,759
Total Other Financing Uses	(1,600,000)	(1,990,000)	(944,241)	1,045,759
Net Change in Fund Balances	(1,451,649)	(1,544,205)	(191,510)	1,352,695
Fund Balance at Beginning of Year	7,164,423	7,164,423	7,164,423	0
Prior Year Encumbrances Appropriated	191,122	191,122	191,122	0
Fund Balance at End of Year	$5,903,896	$5,811,340	$7,164,035	$1,352,695

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$39,225	$23,851
Total Assets	$39,225	$23,851
Liabilities:		
Current Liabilities:		
Undistributed Monies	$0	$23,851
Total Liabilities	0	$23,851
Net Position:		
Held in Trust for Scholarships	39,225	
Total Net Position	$39,225	

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
Additions:	
Gifts and Donations	$145
Interest	12
Total Additions	157
Deductions:	
Payment in Accordance with Trust Agreement	2,052
Change in Net Position	(1,895)
Net Position at Beginning of Year	41,120
Net Position at End of Year	$39,225

See accompanying notes to the basic financial statements.

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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 56 non-certificated employees, 80 certificated full-time teaching personnel, and 9 administrative employees who provide services to 801 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 ensure 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 financial 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 Statement of Net Position reports 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, grants, pension and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30 2019, but which were levied to finance fiscal year 2020 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. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes intergovernmental grants. 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 2019, 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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

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 2019 amounted to $161,492, which includes $25,275 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, 2019, 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 position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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. The "not in spendable form" includes items that are not expected to be converted to cash.
>
> ***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 and includes amounts not contained in the other classifications.
>
> ***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 2019.

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 - NEW GASB PRONOUNCEMENTS

For fiscal year 2019, the District implemented GASB Statement No. 83, “Certain Asset Retirement Obligations”, and GASB Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” The Government Accounting Standards Board’s (GASB) Implementation Guide No 2017-2 and GASB Statement No. 89 “Accounting for Interest cost Incurred Before the End of a Construction Period.” The implementation of GASB Statements Nos. 83, 89, and 88 had no effect on the prior period fund balances of the District.

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:

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING – (continued)

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).

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	$73,021
Adjustments:	
Revenue Accruals	(78,352)
Expenditure Accruals	491,113
Encumbrances	(351,609)
Other Sources	(325,683)
Budget Basis	($191,510)

NOTE 5 - ACCOUNTABILITY

Fund balances at June 30, 2019 included the following individual fund deficits:

Nonmajor Special Revenue Funds:	
Lunchroom	$36,084
Title VI-B	33,422
Title I	57,094

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

Protection of the 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. 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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

(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 (for a period not to exceed one hundred eighty days) and commercial paper notes for a period not to exceed two hundred seventy 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; if training requirements have been met.

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

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

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.

Investments

Investments are reported at fair value. As of June 30, 2019, the District had the following investment and maturity:

Investment Type	Fair Value	Maturities Less than One Year	Moody's Rating
STAR Ohio	$3,564,133	$3,564,133	Aaa

The District’s other investments are as follows:

Measurement/Investment	Measurement Amount	Maturity	Standard and Poor Rating
Fair Value - Level 2 Inputs			
US Government Bonds	$3,167,227	2020-2024	not available

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the District’s recurring fair value measurements as of June 30, 2019. The District’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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.

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

Credit Risk – STAR Ohio carries a rating of AAAm by Stanard 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 and US Government Bonds represents 52.9 and 47.1 percent, respectively, of total investments.

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

*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 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018 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/Morgan County by June 30, 2019 are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2019. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2019 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, 2019 were $119,938 for the General Fund, $1,887 for the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, $6,855 for the Bond Retirement Nonmajor Debt Service Fund and $26,688 Permanent Improvement Nonmajor Capital Project Fund.

*NOTE 7 - **PROPERTY TAXES*** – (continued)

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

	2018 Second- Half Collections		2019 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$39,963,860	90.52%	$41,347,030	90.88%
Public Utility Personal	4,187,170	9.48%	4,146,790	9.12%
Total Assessed Value	$44,151,030	100.00%	$45,493,820	100.00%
Total rate per $1,000 of assessed valuation	$34.34		$34.34	

*NOTE 8–**RECEIVABLES***

Receivables at June 30, 2019, 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	$25,823
Title I	78,059
Miscellaneous Federal Grants	63,463
Total Intergovernmental Receivables	$167,345

NOTE 9 - CAPITAL ASSETS

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

	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019
Nondepreciable Capital Assets:				
Land	$55,370	$0	$0	$55,370
Construction in Progress	0	465,666		465,666
Total Nondepreciable Capital Assets	55,370	465,666	0	521,036
Depreciable Capital Assets:				
Land Improvements	947,666	474,945	0	1,422,611
Buildings and Improvements	22,249,128	74,152	0	22,323,280
Furniture, Fixtures and Equipment	1,397,207	191,641	0	1,588,848
Vehicles	1,224,708	125,858	0	1,350,566
Total Depreciable Capital Assets	25,818,709	866,596	0	26,685,305
Total Capital Assets	25,874,079	1,332,262	0	27,206,341
Accumulated Depreciation:				
Land Improvements	(691,224)	(41,282)	0	(732,506)
Buildings and Improvements	(11,782,626)	(541,660)	0	(12,324,286)
Furniture, Fixtures and Equipment	(1,052,524)	(84,547)	0	(1,137,071)
Vehicles	(677,138)	(118,982)	0	(796,120)
Total Accumulated Depreciation	(14,203,512)	(786,471)	0	(14,989,983)
Total Net Capital Assets	$11,670,567	$545,791	$0	$12,216,358

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$288,579
Special	127,545
Other	5,314
Support Services:	
Pupils	31,886
Instructional Staff	15,097
Administration	50,506
Fiscal	11,129
Operation and Maintenance of Plant	23,567
Pupil Transportation	116,569
Central	2,063
Operation of Non-Instructional Services:	
Food Service	94,671
Extracurricular Activities	19,545
Total Depreciation Expense	$786,471

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 purchases liability, fleet and property insurance through Reed & Baur Insurance Agency.

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	2,500	39,461,734
Forgery and Alterations	1,000	50,000
Public Employee Dishonesty	1,000	100,000
Fleet	Nil	1,000,000
Computer Fraud	1,000	100,000
Equipment Breakdown	2,500	250,000
Law Enforcement Professional Liability		1,000,000
Sexual Misconduct		1,000,000
Funds Transfer Fraud	1,000	100,000

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 2018.

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.

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

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.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2018 *	Eligible to Retire on or after August 1, 2018
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.

An individual whose benefit effective date is before April 1, 2018 is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

NOTE 11 - <u>DEFINED BENEFIT PENSION PLANS</u>- (Continued)

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, 2019, 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 $221,361 for fiscal year 2019. $0 is reported as an intergovernmental payable.

<u>Plan Description - State Teachers Retirement System (STRS)</u>

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 <u>www.strsoh.org</u>.

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 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS- (Continued)

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, 2019, 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 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $648,184 for fiscal year 2019. Of this amount $104,300 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, 2018, 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	0.05196320%	0.03923971%	
Proportion of the Net Pension Liability Current Measurement Date	0.05156540%	0.03846705%	
Change in Proportionate Share	-0.00039780%	-0.00077266%	
Proportionate Share of the Net Pension Liability	$2,953,246	$8,458,041	$11,411,287
Pension Expense	$306,457	$811,176	$1,117,633

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

At June 30, 2019, 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	$161,971	$195,239	$357,210
Changes of Assumptions	66,691	1,498,925	1,565,616
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	82,403	342,831	425,234
District Contributions Subsequent to the Measurement Date	221,361	684,184	905,545
Total Deferred Outflows of Resources	$532,426	$2,721,179	$3,253,605
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$0	$55,236	$55,236
Net Difference between Projected and Actual Investment Earnings	81,825	512,887	594,712
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	23,604	154,446	178,050
Total Deferred Inflows of Resources	$105,429	$722,569	$827,998

$905,545 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$251,151	$740,436	$991,587
2021	76,496	554,317	630,813
2022	(96,916)	146,792	49,876
2023	(25,095)	(127,119)	(152,214)
Total	$205,636	$1,314,426	$1,520,062

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.

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

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

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

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

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

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

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

NOTE 11 - <u>DEFINED BENEFIT PENSION PLANS</u>- (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$4,159,870	$2,953,246	$1,941,573

<u>Actuarial Assumptions - STRS</u>

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

Inflation	2.50%
Projected salary increases	12.5% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.0 %, effective July 1, 2017

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.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

NOTE 11 - DEFINED BENEFIT PENSION PLANS- (Continued)

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.

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

Sensitivity of the 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	$12,351,855	$8,458,041	$5,162,455

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.

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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS– (Continued)

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 2019, 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 2019, this amount was $21,600. 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 2019, the District's surcharge obligation was $35,237.

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 $8,199 for fiscal year 2019. 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, 2021. 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, 2019, 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, 2018, 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:

NOTE 12 - DEFINED BENEFIT OPEB PLANS– (Continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.05261970%	0.03923971%	
Current Measurement Date	0.05280780%	0.03846705%	
Change in Proportionate Share	0.00018810%	-0.00077266%	
Proportionate Share of the Net			
OPEB Liability/Asset	$1,465,031	($618,126)	$846,905
OPEB Expense	$51,359	($1,345,291)	($1,293,932)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$23,915	$72,198	$96,113
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	4,391	0	4,391
District contributions subsequent to the measurement date	43,436	0	43,436
Total Deferred Outflows of Resources	$71,742	$72,198	$143,940
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$36,014	$36,014
Net difference between projected and actual investment	2,197	70,616	72,813
Changes of assumptions	131,623	842,245	973,868
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	0	27,534	27,534
Total Deferred Inflows of Resources	$133,820	$976,409	$1,110,229

$43,436 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, 2020. 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:			
2020	($52,756)	($161,547)	($214,303)
2021	(41,062)	(161,547)	(202,609)
2022	(4,027)	(161,549)	(165,576)
2023	(3,092)	(166,694)	(169,786)
2024	(3,245)	(129,291)	(132,536)
Thereafter	(1,332)	(123,583)	(124,915)
Total	($105,514)	($904,211)	($1,009,725)

NOTE 12 - DEFINED BENEFIT OPEB PLANS– (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, 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	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS– (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2017. 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:

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, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 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 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's Proportionate Share of the Net OPEB Liability	$1,777,700	$1,465,031	$1,217,456

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	$1,182,011	$1,465,031	$1,839,800

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018 actuarial valuation are presented below:

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
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 percent ultimate

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS– (Continued)

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

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

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

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 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. 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 at June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	($529,792)	($618,126)	($692,367)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	($688,176)	($618,126)	($546,985)

NOTE 13–EMPLOYEE BENEFITS

Compensated Absenses

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. After 25 years of service, employees earn five weeks of vacation. 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 $1,779 and $705 respectively for certified employees.

NOTE 13–EMPLOYEE BENEFITS – (Continued)

The Board of Education covers 88 percent of family coverage premiums and 93 percent of single coverage premiums of classified employees enrolled in PPO Plan 2. The Boards monthly contribution for family and single premium coverage is $1,842 and $729 respectively for classified employees.

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 2019.

NOTE 14- LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2019 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at June 30, 2018	Additions	Deductions	Principal Outstanding at June 30, 2019	Amount Due In One Year
Governmental Activities:							
Bond Refinancing Issue	2006	4.25%	$315,000	$0	$60,000	$255,000	$60,000
Roofing Project Note	2015	1.82%	335,000	0	165,000	170,000	170,000
Department of Administrative							
Services Loan	2014	1.00%	202,535	0	17,508	185,027	17,684
Energy Optimizers Loan	2016	6.87%	507,557		46,751	460,806	50,064
Total General Obligation Bonds			1,360,092	0	289,259	1,070,833	297,748
Net Pension Liability:							
STRS		N/A	9,321,477	0	863,436	8,458,041	0
SERS		N/A	3,104,686	0	151,440	2,953,246	0
Total Net Pension Liability			12,426,163	0	1,014,876	11,411,287	0
Net OPEB Liability:							
STRS		N/A	1,530,989	0	1,530,989	0	0
SERS		N/A	1,412,174	52,857	0	1,465,031	0
Total Net OPEB Liability			2,943,163	52,857	1,530,989	1,465,031	0
Capital Leases Payable			6,106	325,683	75,232	256,557	74,410
Compensated Absences Payable		N/A	412,852	151,068	166,578	397,342	95,430
Total Governmental Activities Long-Term Obligations			$17,148,376	$529,608	$3,076,934	$14,601,050	$467,588

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.

NOTE 14–LONG-TERM OBLIGATIONS– (Continued)

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.

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 $2,902,736 with an unvoted debt margin of $44,151at June 30, 2019.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2019 are as follows:

	General Obligation Bonds		Department of Administrative Services		Roofing Project Note	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
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	0	0	18,403	815	0	0
2025-2029	0	0	94,820	1,944	0	0
Total	$255,000	$22,420	$185,027	$7,376	$170,000	$1,547

	Energy Optimizers Loan		Total	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
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	65,847	14,318	84,250	15,133
2025-2029	172,376	14,677	267,196	16,621
Total	$460,806	$127,074	$1,070,833	$158,417

NOTE 15- CAPITAL LEASES - LESSEE DISCLOSURE

During 2019, the District entered into a new capital lease for 23 Printers in the amount of $268,848, and new Chromebooks in the amount of $56,835. These lease obligations meet 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 2019 totaled $75,232 in the governmental funds.

The equipment has been capitalized in the amount of $334,184, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of June 30, 2019, was $6,659, leaving a remaining book value of $327,525.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2019:

Fiscal Year Ending June 30	General Long-Term Obligations
2020	$89,000
2021	87,141
2022	86,212
2023	13,505
2024	13,505
Total Future Minimum Lease Payments	289,363
Less: Amount Representing Interest	(32,806)
Present Value of Net Minimum Lease Payments	$256,557

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2019, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$31,644	$0
Nonmajor Special Revenue Funds:		
Title VI-B	0	10,268
Title I	0	18,357
Miscellaneous Federal Grants	0	3,019
Total Nonmajor Special Revenue Funds	0	31,644
Total	$31,644	$31,644

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 $31,644 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, 2019.

	Transfers To		
Transfers From	Permanent Improvement	Nonmajor Special Revenue Funds	Total
General	$825,000	$119,241	$944,241

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 $944,241 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	$10,859	$0	$3,275	$14,134
Total Nonspendable	10,859	0	3,275	14,134
Restricted:				
Special Revenues:				
Scholarship	0	0	12,703	12,703
Facilities Maintenance	0	0	212,670	212,670
Athletics	0	0	41,674	41,674
Local Grants	0	0	72,197	72,197
State Grants	0	0	14,225	14,225
Federal Grants	0	0	3,800	3,800
Debt Service	0	0	141,306	141,306
Permanent Improvement	0	390,874	0	390,874
Capital Projects	0	0	8,647	8,647
Total Restricted	0	390,874	507,222	898,096
Assigned:				
Encumbrances:				
Regular Instruction	36,589	0	0	36,589
Special Instruction	133,634	0	0	133,634
Vocational Instruction	10,000	0	0	10,000
Pupils	9,098	0	0	9,098
Instructional Staff	409	0	0	409
Board of Education	15,979	0	0	15,979
Administration	36,656	0	0	36,656
Fiscal	1,446	0	0	1,446
Operation and Maintenance of Plant	19,771	0	0	19,771
Extracurricular	800	0	0	800
Capital Outlay	87,227	0	0	87,227
Future Appropriations	1,355,452	0	0	1,355,452
Total Assigned	1,707,061	0	0	1,707,061
Unassigned	4,852,412	0	(129,875)	4,722,537
Total Fund Balances	$6,570,332	$390,874	$380,622	$7,341,828

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 2019:

	Capital Improvement
Set-Aside Balance as of July 1, 2018	$0
Current Year Set-Aside Requirement	145,095
Qualifying Disbursements	(145,095)
Total	0
Set-Aside Reserve Balance as of June 30, 2019	$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, 2019, the District had encumbrance commitments in the Governmental Funds as follows:

Major Funds	
General	$351,609
Permanent Improvement	312,048
Nonmajor Funds	
Athletics	84
Total Nonmajor Funds	84
Total Encumbrances	$663,741

NOTE 20- JOINTLY GOVERNED ORGANIZATIONS

META Solutions

The District participates in the Metropolitan Educational Technology Association (META), 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 $54,088 to META Solutions for fiscal year 2019.

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, Rodney Schilling, 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 2019, 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 participating 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, 2019, 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 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

NOTE 23 – SPECIAL INVESTIGATION

The Auditor of State is currently conducting an investigation at the District. The investigation is ongoing and control or compliance issues, if any, related to this investigation will be addressed in future audit reports.

TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net Pension Liability
Last Six Measurement Periods (1)

	2019	2018	2017
School Employees Retirement System of Ohio			
District's Proportion of the Net Pension Liability	0.0515654%	0.0519632%	0.04893050%
District's Proportionate Share of the Net Pension Liability	$2,953,246	$3,104,686	$3,581,261
District's Covered Payroll	$1,592,057	$1,563,429	$1,803,429
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	185.50%	198.58%	198.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%
State Teachers Retirement System of Ohio			
District's Proportion of the Net Pension Liability	0.03846705%	0.03923971%	0.03717114%
District's Proportionate Share of the Net Pension Liability	$8,458,041	$9,321,477	$12,442,301
District's Covered Payroll	$4,779,429	$4,059,914	$3,635,086
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	176.97%	229.60%	342.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.31%	75.30%	66.80%

(1) Information prior to 2014 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.

2016	2015	2014
0.0495220%	0.0465780%	0.0465780%
$2,825,773	$2,357,286	$2,769,844
$1,865,918	$1,345,318	$1,348,661
151.44%	175.22%	205.38%
69.16%	71.70%	65.52%
0.03732843%	0.3823040%	0.3823040%
$10,316,486	$9,298,954	$11,076,856
$3,901,714	$3,950,953	$4,002,285
264.41%	235.36%	276.76%
72.10%	74.70%	69.30%

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TRIMBLE CITY SCHOOL DISTRICT

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

Last Three Fiscal Years (1)

	2019	2018	2017
School Employees Retirement System of Ohio			
District's Proportion of the Net OPEB Liability	0.05280780%	0.05261970%	0.05261970%
District's Proportionate Share of the Net OPEB Liability	$1,465,031	$1,412,174	$1,499,856
District's Covered-Employee Payroll	$1,639,714	$1,592,057	$1,563,429
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	89.35%	88.70%	95.93%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%
State Teachers Retirement System of Ohio			
District's Proportion of the Net OPEB Liability	0.03846705%	0.03923971%	0.03923971%
District's Proportionate Share of the Net OPEB Asset	$618,126	$0	$0
District's Proportionate Share of the Net OPEB Liability	$0	$1,530,989	$2,098,550
District's Covered-Employee Payroll	$4,629,886	$4,779,429	$4,059,914
District's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of it's Covered-Employee Payroll	0.00%	32.03%	51.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Information prior to 2017 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 Contributions
School Employees Retirement Systems of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Pension				
Contractually Required Contributions	$221,361	$214,928	$218,880	$252,480
Contributions in Relation to the Contractually Required Contributions	(221,361)	(214,928)	(218,880)	(252,480)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$1,639,714	$1,592,057	$1,563,429	$1,803,429
Contributions as a Percentage of Covered-Employee Payroll	13.50%	13.50%	14.00%	14.00%
OPEB				
Contractually Required Contributions (1)	$8,199	$7,960	$0	$0
Contributions in Relation to the Contractually Required Contributions	(8,199)	(7,960)	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$1,639,714	$1,592,057	$1,563,429	$1,803,429
Contributions as a Percentage of Covered-Employee Payroll	0.50%	0.50%	0.00%	0.00%

(1) Excludeds surcharge amounts.

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
$245,928	$186,461	$186,655	$219,158	$218,945	$143,864
(245,928)	(186,461)	(186,655)	(219,158)	(218,945)	(143,864)
$0	$0	$0	$0	$0	$0
$1,865,918	$1,345,318	$1,348,661	$1,583,512	$1,741,806	$1,062,511
13.18%	13.86%	13.84%	13.84%	12.57%	13.54%
$15,301	$1,883	$2,158	$3,451	$5,139	$11,870
(15,301)	(1,883)	(2,158)	(3,451)	(5,139)	(11,870)
$0	$0	$0	$0	$0	$0
$1,865,918	$1,345,318	$1,348,661	$1,583,512	$1,741,806	$1,062,511
0.82%	0.14%	0.16%	0.55%	1.43%	0.46%

TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Pension				
Contractually Required Contributions	$648,184	$669,120	$568,388	$508,912
Contributions in Relation to the Contractually Required Contributions	(648,184)	(669,120)	(568,388)	(508,912)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$4,629,886	$4,779,429	$4,059,914	$3,635,086
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
OPEB				
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$4,629,886	$4,779,429	$4,059,914	$3,635,086
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
$546,240	$513,624	$520,297	$592,727	$610,570	$565,405
(546,240)	(513,624)	(520,297)	(592,727)	(610,570)	(565,405)
$0	$0	$0	$0	$0	$0
$3,901,714	$3,950,953	$4,002,285	$4,559,438	$4,696,692	$4,349,269
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$0	$39,510	$40,023	$45,594	$46,967	$43,493
0	(39,510)	(40,023)	(45,594)	(46,967)	(43,493)
$0	$0	$0	$0	$0	$0
$3,901,714	$3,950,953	$4,002,285	$4,559,438	$4,696,692	$4,349,269
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Net Pension Liability

Changes in Assumption – SERS

Beginning in 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 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.

Changes in Assumption – STRS

Beginning with fiscal year 2018, amounts reported 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:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.5 percent	2.75 percent
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, including inflation	7.75%, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.00% effective July 1, 2017	2 percent simple appled 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 5th anniversary of retirement date.

Beginning with 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 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 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.

Net OPEB Liability

Changes in Assumption – SERS

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

Changes in Assumption – STRS

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 are cost trend rates were modified along with the proton of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

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 discounted for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR *Pass Through Grantor* **Program / 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					
Cash Assistance:					
School Breakfast Program	10.553	2018/2019	$0	$152,017	$152,017
National School Lunch Program	10.555	2018/2019	0	283,813	283,813
Cash Assistance Subtotal			0	435,830	435,830
Total Child Nutrition Cluster			0	435,830	435,830
Total U.S. Department of Agriculture			0	435,830	435,830
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education					
Title I Grants to Local Educational Agencies	84.010	2018	0	80,843	59,466
		2019	0	405,784	424,141
Total Title I Grants to Local Educational Agencies			0	486,627	483,607
Special Education Cluster:					
Special Education Grants to States	84.027	2018	0	46,571	35,106
		2019	0	225,886	236,154
Total Special Education - Grants to States			0	272,457	271,260
Special Education Preschool Grants	84.173	2019	0	5,345	5,345
Total Special Education Cluster			0	277,802	276,605
Twenty-First Century Community Learning Centers	84.287	2018	93,343	94,824	94,535
		2019	115,171	122,471	122,471
Total Twenty-First Century Community Learning Centers			208,514	217,295	217,006
Rural Education	84.358	2018	0	5,995	4,496
		2020	0	14,938	0
Total Rural Education			0	20,933	4,496
Supporting Effective Instruction State Grant	84.367	2018	0	10,473	7,855
		2019	0	42,387	42,387
Total Supporting Effective Instruction State Grant			0	52,860	50,242
Student Support and Academic Enrichment Program	84.424	2019	0	16,299	23,018
Total U.S. Department of Education			208,514	1,071,816	1,054,974
Total Expenditures of Federal Awards			**$208,514**	**$1,507,646**	**$1,490,804**

The accompanying notes are an integral part of this Schedule.

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Trimble Local School District, Athens County, Ohio (the District) under programs of the federal government for the year ended June 30, 2019. 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 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 E - 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 F – 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.

OHIO AUDITOR OF STATE
KEITH FABER

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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 aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 19, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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The Plains, Ohio 45780-1231
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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, Athens County, Ohio (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 Trimble Local School District's major federal program for the year ended June 30, 2019. 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, 2019.

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 each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2020

TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Child Nutrition Cluster – CFDA #10.553/10.553 • 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?**	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Trimble Local School District

Board of Education District Office
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	A material weakness was issued relating to financial reporting misstatements resulting in audit adjustments.	Fully Corrected	The District had no material audit adjustments identified in the fiscal year 2019.
2018-002	A material noncompliance and significant deficiency relating to Period of Availability for Title I Grants to Local Educational Agencies, CFDA # 84.010.	Fully Corrected	N/A

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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
APRIL 7, 2020