



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
 BELMONT COUNTY  
 JUNE 30, 2019**

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BELMONT COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

Barnesville Exempted Village School District  
Belmont County  
210 West Church Street  
Barnesville, Ohio 43713

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 Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for 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 School 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 School 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 Barnesville Exempted Village School District, Belmont County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool funds 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 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 School District's basic financial statements taken as a whole.

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020, on our consideration of the School 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 School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 10, 2020

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**Barnesville Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
Unaudited

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The discussion and analysis of the Barnesville Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for the fiscal year 2019 are as follows:

- Net position of governmental activities increased \$2,465,414.
- General revenues accounted for \$13,108,511 in revenue or 78 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,713,509 or 22 percent of total revenues of \$16,822,020.
- Total assets of governmental activities increased \$1,723,161, primarily due to increases in cash and cash equivalents, net OPEB asset, and property taxes receivable.
- The School District had \$14,356,606 in expenses related to governmental activities; only \$3,713,509 of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues of \$13,108,511 were adequate to provide for these programs.
- Governmental funds had total revenues in the amount of \$16,399,450 and \$15,427,694 in expenditures. Overall, including other financing sources and uses, the fund balance of total Governmental funds increased \$971,756.

### **Using this Annual Financial Report**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

**Barnesville Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
Unaudited

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***Reporting the School District as a Whole***

*Statement of Net Position and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting 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.

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities including instruction, support services, operation of non-instructional services, food service operations, and extracurricular activities.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and Schoolwide Pool Special Revenue Fund.

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

**Barnesville Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
Unaudited

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2019 compared to 2018.

**Table 1**  
**Net Position**  
**Governmental Activities**

	2019	2018	Change
<b>Assets</b>			
Current and Other Assets	\$14,643,953	\$13,411,335	\$1,232,618
Net OPEB Asset	709,715	0	709,715
Capital Assets	13,764,607	13,983,779	(219,172)
<b>Total Assets</b>	<b>29,118,275</b>	<b>27,395,114</b>	<b>1,723,161</b>
<b>Deferred Outflow of Resources</b>			
Pension	3,240,838	3,961,609	(720,771)
OPEB	180,275	130,915	49,360
<b>Total Deferred Outflows of Resources</b>	<b>3,421,113</b>	<b>4,092,524</b>	<b>(671,411)</b>
<b>Liabilities</b>			
Current and Other Liabilities	1,604,830	1,680,839	(76,009)
Long-Term Liabilities:			
Due Within One Year	228,674	362,068	(133,394)
Due in More Than One Year:			
Net Pension Liability	12,654,806	13,532,297	(877,491)
Net OPEB Liability	1,450,925	3,085,802	(1,634,877)
Other Amounts	1,378,065	1,476,530	(98,465)
<b>Total Liabilities</b>	<b>17,317,300</b>	<b>20,137,536</b>	<b>(2,820,236)</b>
<b>Deferred Inflows of Resources</b>			
Deferred Charge on Refunding	9,302	11,628	(2,326)
Property Taxes	4,944,247	4,516,545	427,702
Pension	1,237,384	1,107,887	129,497
OPEB	1,330,329	478,630	851,699
<b>Total Deferred Inflows of Resources</b>	<b>7,521,262</b>	<b>6,114,690</b>	<b>1,406,572</b>
<b>Net Position</b>			
Net Investment in Capital Assets	12,974,130	12,979,137	(5,007)
Restricted	448,455	542,864	(94,409)
Unrestricted (Deficit)	(5,721,759)	(8,286,589)	2,564,830
<b>Total Net Position</b>	<b>\$7,700,826</b>	<b>\$5,235,412</b>	<b>\$2,465,414</b>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit

**Barnesville Exempted Village School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
Unaudited

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.

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 total, assets increased \$1,723,161. Current and other assets increased \$1,232,618, primarily due to increases in cash and cash equivalents and property taxes receivable. The increase in both classes of assets is due primarily to an increase in assessed valuation, which has resulted in increases in tax revenues and property taxes receivable. The School District is reporting a net OPEB asset in the amount of \$709,715. See Note 12 for more detailed information regarding the net OPEB asset. Capital assets decreased in the amount of \$219,172, due to annual depreciation exceeding capital asset additions.

In total, liabilities decreased \$2,820,236. Current and other liabilities decreased \$76,009 primarily due to decreases in contracts payable, and accounts payable from the prior year, which were offset by increases in accrued wages and benefits. The decrease in long-term liabilities in the amount of \$2,744,227 was due primarily to decreases in net pension liability and net OPEB liability which represent the School District's proportionate shares of the respective pension systems' unfunded benefits. In addition, annual debt service payments on the School District's long-term debt, continue to decrease its long-term liabilities.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2019 and 2018.

**Table 2**  
**Changes in Net Position**  
**Governmental Activities**

	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$1,653,348	\$1,804,831	(\$151,483)
Operating Grants and Contributions	1,572,036	1,637,092	(65,056)
Capital Grants and Contributions	488,125	15,000	473,125
Total Program Revenues	<u>3,713,509</u>	<u>3,456,923</u>	<u>256,586</u>
General Revenues			
Property Taxes	6,166,148	5,322,536	843,612
Grants and Entitlements not Restricted to Specific Programs	6,326,197	6,200,698	125,499
Others	616,166	205,633	410,533
Total General Revenues	<u>13,108,511</u>	<u>11,728,867</u>	<u>1,379,644</u>
<b>Total Revenues</b>	<u><b>\$16,822,020</b></u>	<u><b>\$15,185,790</b></u>	<u><b>\$1,636,230</b></u>

(Continued)

**Barnesville Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
Unaudited

<b>Table 2 (Continued)</b>			
<b>Changes in Net Position (Continued)</b>			
<b>Governmental Activities</b>			
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Instruction			
Regular	\$6,572,568	\$3,217,757	\$3,354,811
Special	1,667,293	901,601	765,692
Vocational	97,578	58,006	39,572
Student Intervention Services	61,515	63,261	(1,746)
Support Services			
Pupil	927,562	698,430	229,132
Instructional Staff	518,471	441,270	77,201
Board of Education	64,216	69,690	(5,474)
Administration	635,309	184,692	450,617
Fiscal	491,166	432,254	58,912
Business	72,438	66,665	5,773
Operation and Maintenance of Plant	1,588,582	1,554,682	33,900
Pupil Transportation	752,800	621,700	131,100
Central	3,327	5,194	(1,867)
Operation of Non-Instructional Services	20,747	2,102	18,645
Food Service Operations	506,496	509,524	(3,028)
Extracurricular Activities	366,202	275,635	90,567
Interest and Fiscal Charges	10,336	42,575	(32,239)
<b>Total Expenses</b>	<b>14,356,606</b>	<b>9,145,038</b>	<b>5,211,568</b>
<b>Increase in Net Position</b>	<b>2,465,414</b>	<b>6,040,752</b>	<b>(3,575,338)</b>
Net Position Beginning of Year	5,235,412	(805,340)	6,040,752
<b>Net Position End of Year</b>	<b>\$7,700,826</b>	<b>\$5,235,412</b>	<b>\$2,465,414</b>

For fiscal year 2019, 37 percent of the School District's revenues were from property taxes and 38 percent were from unrestricted grants and entitlements. The School District experienced a decrease in operating grants and contributions from fiscal year 2018 due to a decrease in State and Federal funding. The substantial increases in capital grants and contributions was due to donated improvements to the football stadium fieldhouse. The decrease in charges for services was primarily due to a decrease in tuition and fees related to open enrollment and excess cost.

Instructional programs comprise approximately 59 percent of total governmental program expenses. Of the instructional expenses, approximately 78 percent is for regular instruction, 20 percent for special instruction, and vocational, and student intervention services account for the remaining 2 percent. Instructional program expenses increased \$4,158,329, while total program expenses increased \$5,211,568. The increase is primarily due to increases in pension expense from the prior year. For fiscal year 2018, the School District reported negative pension expense in the amount of \$4,374,570, primarily due to changes in assumptions and benefit terms as STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA).

The Statement of Activities shows the cost of program services and the charges for services, and operating grants and contributions, and capital grants and contributions. Table 3 shows the total cost of services and the net cost of services for fiscal year 2019 compared to fiscal year 2018. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Barnesville Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
Unaudited

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction:				
Regular	\$6,572,568	\$3,217,757	\$4,946,364	\$1,483,130
Special	1,667,293	901,601	874,651	46,465
Vocational	97,578	58,006	36,261	(3,421)
Student Intervention Services	61,515	63,261	34,210	35,745
Support Services:				
Pupil	927,562	698,430	915,352	693,136
Instructional Staff	518,471	441,270	513,858	431,342
Board of Education	64,216	69,690	64,216	69,690
Administration	635,309	184,692	620,816	170,734
Fiscal	491,166	432,254	477,181	413,975
Business	72,438	66,665	72,438	66,665
Operation and Maintenance of Plant	1,588,582	1,554,682	1,541,282	1,497,107
Pupil Transportation	752,800	621,700	752,800	621,696
Central	3,327	5,194	3,327	5,194
Operation of Non-Instructional Service	20,747	2,102	9,009	102
Food Service Operations	506,496	509,524	72,064	67,615
Extracurricular Activities	366,202	275,635	(301,068)	46,365
Interest and Fiscal Charges	10,336	42,575	10,336	42,575
<b>Total Expenses</b>	<b>\$14,356,606</b>	<b>\$9,145,038</b>	<b>\$10,643,097</b>	<b>\$5,688,115</b>

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 74 percent of expenses are supported through taxes and other general revenues.

**The School District Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Schoolwide Pool Special Revenue Fund. The General Fund had \$14,413,769 in revenues and \$10,838,014 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$656,338. For fiscal year 2019, the General Fund's increase in property tax revenue was sufficient to offset the increases in instructional expenses and transfers out related to the schoolwide pool program. The Schoolwide Pool Fund had \$357,808 in revenues and \$3,027,225 in expenditures. Overall, including other financing sources, the Schoolwide Pool Fund had no change in fund balance.

**General Fund Budgeting Highlights**

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

**Barnesville Exempted Village School District**  
Management's Discussion and Analysis  
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Unaudited

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During the course of fiscal year 2019, the School District amended its General Fund budget, and the budgetary statement reflects both the original and final amounts. There were no significant changes between original and final estimated revenues. Actual revenues were not significantly different than estimates. Changes between original and final appropriations were not significant. The actual results of operations were not significantly different than the final budget.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

At the end of fiscal year 2019, the School District had \$13,764,607 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

#### ***Debt***

At June 30, 2019, the School District had \$735,000 in outstanding bonds. In addition, the School District had \$46,175 in outstanding capital leases. See Note 16 for more information on the School District's long-term obligations, which also includes long-term intergovernmental payable, compensated absences, the net pension liability, and the net OPEB liability.

#### ***Economic Factors***

During fiscal year 2008, the Barnesville Exempted Village School District was released from fiscal emergency. The current five year forecast reflects that the School District will encounter deficit spending within the next five years; however, the School District's carryover balance is sufficient to ensure that the School District maintains a positive cash balance throughout the five year period.

In fiscal year 2009, the School District applied and was approved for a House Bill 264 energy conservation project through the Ohio School Facilities Commission. The project is intended to improve energy efficiency in the School District and the total project cost was \$951,728 which included additional fees for the issuance of the bonds in the amount of \$14,289. The School District chose to pay for \$251,298 of the project with local funds and financed the remaining portion of \$714,719, which included \$700,430 in project funds and \$14,289 in issuance costs and the School District issued \$714,419 in debt via the 2009 Qualified School Construction Bond (QSCB) Program, on November 24, 2009.

The School District continues to rely heavily on State foundation funding. New public utility personal property taxes received in recent years from the Rockies Express Pipeline will continue to help offset the any potential reductions in State funding, as well as ad valorem tax from gas and oil activity. The School District has not solicited voters to support a tax levy in order to generate additional revenue.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Cheryl Malik, Treasurer/CFO at Barnesville Exempted Village School District, 210 W. Church Street, Barnesville, Ohio 43713.

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**Barnesville Exempted Village School District**

*Statement of Net Position*

June 30, 2019

	Primary Government
	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$8,863,791
Intergovernmental Receivable	308,676
Prepaid Items	20,034
Materials and Supplies Inventory	20,280
Property Taxes Receivable	5,431,172
Net OPEB Asset	709,715
Non-Depreciable Capital Assets	334,090
Depreciable Capital Assets, Net	13,430,517
<i>Total Assets</i>	<u>29,118,275</u>
<b>Deferred Outflows of Resources</b>	
Pension	3,240,838
OPEB	180,275
<i>Total Deferred Outflows of Resources</i>	<u>3,421,113</u>
<b>Liabilities</b>	
Accounts Payable	140,460
Accrued Wages and Benefits Payable	1,073,075
Intergovernmental Payable	271,059
Matured Severance Payable	7,185
Accrued Interest Payable	2,257
Vacation Benefits Payable	110,794
Long-Term Liabilities:	
Due Within One Year	228,674
Due In More Than One Year:	
Net Pension Liability	12,654,806
Net OPEB Liability	1,450,925
Other Amounts	1,378,065
<i>Total Liabilities</i>	<u>17,317,300</u>
<b>Deferred Inflows of Resources</b>	
Deferred Charge on Refunding	9,302
Property Taxes	4,944,247
Pension	1,237,384
OPEB	1,330,329
<i>Total Deferred Inflows of Resources</i>	<u>7,521,262</u>
<b>Net Position</b>	
Net Investment in Capital Assets	12,974,130
Restricted for:	
Debt Service	194,170
Building Maintenance	119,268
Local Programs	135,017
Unrestricted (Deficit)	(5,721,759)
<i>Total Net Position</i>	<u><u>\$7,700,826</u></u>

See accompanying notes to the basic financial statements



**Barnesville Exempted Village School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2019*

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$8,027,261	\$0	\$836,530	\$8,863,791
Receivables:				
Property Taxes	5,042,208	0	388,964	5,431,172
Intergovernmental	151,459	0	157,217	308,676
Interfund	53,171	402,632	0	455,803
Prepaid Items	20,034	0	0	20,034
Materials and Supplies Inventory	14,055	0	6,225	20,280
<i>Total Assets</i>	<u>\$13,308,188</u>	<u>\$402,632</u>	<u>\$1,388,936</u>	<u>\$15,099,756</u>
<b>Liabilities</b>				
Accounts Payable	\$136,193	\$3,436	\$831	\$140,460
Accrued Wages and Benefits	642,071	354,333	76,671	1,073,075
Interfund Payable	347,543	0	108,260	455,803
Intergovernmental Payable	212,884	44,863	13,312	271,059
Matured Severance Payable	7,185	0	0	7,185
<i>Total Liabilities</i>	<u>1,345,876</u>	<u>402,632</u>	<u>199,074</u>	<u>1,947,582</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	4,587,157	0	357,090	4,944,247
Unavailable Revenue	389,387	0	16,278	405,665
<i>Total Deferred Inflows of Resources</i>	<u>4,976,544</u>	<u>0</u>	<u>373,368</u>	<u>5,349,912</u>
<b>Fund Balances</b>				
Nonspendable:				
Materials and Supplies Inventory	14,055	0	6,225	20,280
Prepaid Items	20,034	0	0	20,034
Restricted for:				
Debt Service	0	0	189,142	189,142
Building Maintenance	0	0	115,132	115,132
Local Programs	0	0	135,017	135,017
Committed to:				
Capital Projects	0	0	392,290	392,290
Assigned to:				
Purchases on Order	283,447	0	0	283,447
Future Appropriations	758,124	0	0	758,124
Unassigned (Deficit)	5,910,108	0	(21,312)	5,888,796
<i>Total Fund Balances</i>	<u>6,985,768</u>	<u>0</u>	<u>816,494</u>	<u>7,802,262</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$13,308,188</u>	<u>\$402,632</u>	<u>\$1,388,936</u>	<u>\$15,099,756</u>

See accompanying notes to the basic financial statements

**Barnesville Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2019*

<b>Total Governmental Fund Balances</b>		\$7,802,262
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,764,607
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	29,571	
Tuition and Fees	118,274	
Property Taxes	257,820	
Total	405,665	405,665
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(110,794)
The unamortized portion of the difference on refunding represents deferred charges on refunding, which are not reported in the funds.		(9,302)
Long-term liabilities and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	735,000	
Intergovernmental Payable	5,000	
Capital Leases	46,175	
Compensated Absences	820,564	
Accrued Interest Payable	2,257	
Total	(1,608,996)	(1,608,996)
The net pension liability and the net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	709,715	
Deferred Outflows - Pension	3,240,838	
Deferred Outflows - OPEB	180,275	
Net Pension Liability	(12,654,806)	
Net OPEB Liability	(1,450,925)	
Deferred Inflows - Pension	(1,237,384)	
Deferred Inflows - OPEB	(1,330,329)	
Total	(12,542,616)	(12,542,616)
<i>Net Position of Governmental Activities</i>		\$7,700,826

See accompanying notes to the basic financial statements

**Barnesville Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2019*

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$5,774,729	\$0	\$366,242	\$6,140,971
Intergovernmental	6,699,849	357,808	918,791	7,976,448
Interest	276,283	0	15,316	291,599
Tuition and Fees	1,320,626	0	0	1,320,626
Extracurricular Activities	50,792	0	138,353	189,145
Rent	13,200	0	0	13,200
Gifts and Donations	178,650	0	13,825	192,475
Charges for Services	14,680	0	128,214	142,894
Miscellaneous	84,960	0	47,132	132,092
<i>Total Revenues</i>	<u>14,413,769</u>	<u>357,808</u>	<u>1,627,873</u>	<u>16,399,450</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,538,650	2,406,573	164,603	7,109,826
Special	1,140,278	390,566	324,030	1,854,874
Vocational	87,173	0	0	87,173
Student Intervention Services	32,975	292	28,248	61,515
Support Services:				
Pupil	912,692	45,562	8,752	967,006
Instructional Staff	460,902	44,456	0	505,358
Board of Education	64,559	0	0	64,559
Administration	556,418	139,776	0	696,194
Fiscal	468,407	0	6,911	475,318
Business	72,929	0	0	72,929
Operation and Maintenance of Plant	1,561,593	0	118,323	1,679,916
Pupil Transportation	654,596	0	0	654,596
Central	3,327	0	0	3,327
Operation of Non-Instructional Services	402	0	12,156	12,558
Food Service Operations	0	0	461,480	461,480
Extracurricular Activities	128,066	0	177,847	305,913
Capital Outlay	82,049	0	8,160	90,209
Debt Service:				
Principal Retirement	62,851	0	44,568	107,419
Interest on Capital Appreciation Bonds	0	0	200,432	200,432
Interest and Fiscal Charges	10,147	0	6,945	17,092
<i>Total Expenditures</i>	<u>10,838,014</u>	<u>3,027,225</u>	<u>1,562,455</u>	<u>15,427,694</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,575,755</u>	<u>(2,669,417)</u>	<u>65,418</u>	<u>971,756</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	2,669,417	250,000	2,919,417
Transfers Out	(2,919,417)	0	0	(2,919,417)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,919,417)</u>	<u>2,669,417</u>	<u>250,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	656,338	0	315,418	971,756
<i>Fund Balances Beginning of Year</i>	<u>6,329,430</u>	<u>0</u>	<u>501,076</u>	<u>6,830,506</u>
<i>Fund Balances End of Year</i>	<u><u>\$6,985,768</u></u>	<u><u>\$0</u></u>	<u><u>\$816,494</u></u>	<u><u>\$7,802,262</u></u>

See accompanying notes to the basic financial statements

**Barnesville Exempted Village School District**  
*Reconciliation of the 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** \$971,756

*Amounts reported for governmental activities in the Statement of Activities are different because*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	222,810	
Current Year Depreciation	(930,107)	
Total	(707,297)	(707,297)

Capital Contributions of assets that are not reported in the funds but are additions to capital assets on the entity-wide statement 488,125

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Intergovernmental	(78,215)	
Property Taxes	25,177	
Tuition and Fees	(12,517)	
Total	(65,555)	(65,555)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital Appreciation Bonds	44,568	
Capital Appreciation Bonds Accretion	200,432	
General Obligation Bonds	50,000	
Capital Leases	12,851	
Total	307,851	307,851

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities, and the accretion of interest of capital appreciation bonds is reported in the Statement of Activities

Accretion of Interest	(14,789)	
Accrued Interest	388	
Total	(14,401)	(14,401)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bond on the Statement of Activities. 18,831

The refunding difference is allocated as a reduction of expense in the Statement of Activities over the life of the bonds. 2,326

Some expenses reported in the Statement of Activities, such as compensated absences and vacation benefits payable do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Intergovernmental Payable	5,000	
Vacation Benefits Payable	(25,664)	
Compensated Absences Payable	(85,034)	
Total	(105,698)	(105,698)

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	1,012,270	
OPEB	38,352	
Total	1,050,622	1,050,622

Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB (asset)/liability are reported as pension/OPEB expense in the Statement of Activities.

Pension	(985,047)	
OPEB	1,503,901	
Total	518,854	518,854

*Changes in Net Position of Governmental Activities* \$2,465,414

See accompanying notes to the basic financial statements

**Barnesville Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2019*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Property Taxes	\$5,104,517	\$5,104,517	\$5,896,604	\$792,087
Intergovernmental	6,551,964	6,551,964	6,724,796	172,832
Interest	111,679	111,679	164,957	53,278
Tuition and Fees	1,413,253	1,413,253	1,320,626	(92,627)
Extracurricular Activities	104,700	105,700	50,792	(54,908)
Rent	8,400	8,400	13,200	4,800
Gifts and Donations	40,000	40,000	178,650	138,650
Charges for Services	15,000	15,000	14,680	(320)
Miscellaneous	121,000	121,000	84,960	(36,040)
<i>Total Revenues</i>	<u>13,470,513</u>	<u>13,471,513</u>	<u>14,449,265</u>	<u>977,752</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,392,579	4,462,909	4,684,170	(221,261)
Special	1,101,766	1,065,669	1,121,776	(56,107)
Vocational	67,370	65,462	88,416	(22,954)
Student Intervention Services	41,860	41,860	32,975	8,885
Support Services:				
Pupil	954,781	953,109	935,921	17,188
Instructional Staff	650,921	642,107	510,711	131,396
Board of Education	76,230	85,866	78,394	7,472
Administration	579,566	558,750	566,252	(7,502)
Fiscal	468,167	456,962	499,687	(42,725)
Business	52,000	59,140	77,972	(18,832)
Operation and Maintenance of Plant	1,467,443	1,476,940	1,751,090	(274,150)
Pupil Transportation	612,199	607,147	672,492	(65,345)
Central	4,102	4,102	4,653	(551)
Extracurricular Activities	142,726	137,569	128,239	9,330
Capital Outlay	272,875	431,992	167,638	264,354
Debt Service:				
Principal Retirement	140,050	140,050	50,000	90,050
Interest and Fiscal Charges	6,298	6,298	6,198	100
<i>Total Expenditures</i>	<u>11,030,933</u>	<u>11,195,932</u>	<u>11,376,584</u>	<u>(180,652)</u>
<i>Excess of Revenues Over Expenditures</i>	2,439,580	2,275,581	3,072,681	797,100
<b>Other Financing Uses</b>				
Transfers Out	<u>(2,714,250)</u>	<u>(2,714,250)</u>	<u>(2,657,571)</u>	<u>56,679</u>
<i>Net Change in Fund Balance</i>	(274,670)	(438,669)	415,110	853,779
<i>Fund Balance Beginning of Year</i>	6,922,606	6,922,606	6,922,606	0
Prior Year Encumbrances Appropriated	<u>522,695</u>	<u>522,695</u>	<u>522,695</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,170,631</u></u>	<u><u>\$7,006,632</u></u>	<u><u>\$7,860,411</u></u>	<u><u>\$853,779</u></u>

See accompanying notes to the basic financial statements

**Barnesville Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Schoolwide Pool Fund*  
*For the Fiscal Year Ended June 30, 2019*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	2,258,555	2,378,431	2,376,381	2,050
Special	414,469	392,551	389,804	2,747
Student Intervention Services	0	0	292	(292)
Support Services:				
Pupil	49,262	46,259	45,087	1,172
Instructional Staff	46,295	43,815	43,908	(93)
Administration	144,843	137,368	139,938	(2,570)
<i>Total Expenditures</i>	<u>2,913,424</u>	<u>2,998,424</u>	<u>2,995,410</u>	<u>3,014</u>
<i>Excess of Revenues Under Expenditures</i>	(2,913,424)	(2,998,424)	(2,995,410)	3,014
<b>Other Financing Sources</b>				
Transfers In	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,735,130</u>	<u>(264,870)</u>
<i>Net Change in Fund Balance</i>	86,576	1,576	(260,280)	(261,856)
<i>Fund Balance Beginning of Year</i>	<u>10,333</u>	<u>10,333</u>	<u>10,333</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$96,909</u></u>	<u><u>\$11,909</u></u>	<u><u>(\$249,947)</u></u>	<u><u>(\$261,856)</u></u>

See accompanying notes to the basic financial statements



**Barnesville Exempted Village School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2019*

	Private Purpose Trust Fund	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$273,669	\$69,092
<i>Total Assets</i>	273,669	\$69,092
<b>Liabilities</b>		
Due to Students	0	\$69,092
<i>Total Liabilities</i>	0	\$69,092
<b>Net Position</b>		
Held in Trust for Scholarships	273,669	
<i>Total Net Position</i>	\$273,669	

See accompanying notes to the basic financial statements

**Barnesville Exempted Village School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2019*

	Private Purpose Trust Fund
<b>Additions</b>	
Interest	\$6,221
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	4,500
<i>Change in Net Position</i>	1,721
<i>Net Position Beginning of Year</i>	271,948
<i>Net Position End of Year</i>	\$273,669

See accompanying notes to the basic financial statements

## **Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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### **NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state statute and federal guidelines. The Board controls the School District's 3 instructional/support facilities staffed by 49 non-certified employees, 86 certificated personnel and 10 administrative employees providing services to 1,500 students.

The School District was established in 1855 as the Barnesville Public Schools, with the first high school being established in 1878. In 1957, the Barnesville Exempted Village School District combined the former Warren Township Rural Local School District, the Somerset Township Rural Local School District, the Kirkwood Township Rural Local School District and portions of the Wayne Township Rural School District. The School District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. There is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 126 square miles. It is located in Belmont County, including all of the Village of Barnesville, Warren Township, Somerset Township and Kirkwood Township, along with portions of Wayne Township, Flushing Township and Goshen Township.

#### *Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Barnesville Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

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

The following activity is included within the reporting entity:

*Private Schools* - Within the School District boundaries, Olney Friends School is operated as private schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. These State monies are reflected in a Special Revenue fund for financial reporting purposes.

The School District is involved with five organizations, three of which are defined as jointly governed organizations, one of which is defined as an insurance purchasing pool, and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Belmont-Harrison Vocational School District, the Ohio School Boards

## **Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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Association Workers' Compensation Group Rating Program (GRP), and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Basis of Presentation**

The School District's general purpose financial statements consist of government-wide 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.

***Government-wide Financial Statements*** The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School 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 or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** During the year, the School District segregates transactions related to certain School District functions or activities 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds. 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 School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The activities of the School District are reported using two categories of funds: governmental and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for

## **Barnesville Exempted Village School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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

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

**Schoolwide Pool Fund** - The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal, state, and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the student are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Fund Type** Fiduciary fund reporting focuses on net positions 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. The School District's fiduciary funds include private-purpose trust and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has a private purpose trust which accounts for various college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the 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 and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

### **D. Basis of Accounting**

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

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School 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 taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include deferred charges on refunding, property taxes, pension, OPEB plans and unavailable revenue. 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 governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 11 and 12).

## **Barnesville Exempted Village School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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**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, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During 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 the 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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

In addition to the investment in STAR Ohio, the School District had additional investments, which were limited to money market mutual funds, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, negotiable certificates of deposit, and commercial paper. The money market mutual fund is measured at net asset value per share, and the remaining investments are reported at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specify the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2019 amounted to \$276,283, \$2,534 of which was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements to be cash equivalents.

#### **F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds represent unexpended revenues restricted for amounts withheld on construction contracts until the successful completion of the contract.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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**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. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

**I. Capital Assets**

The School District’s only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is twenty-five thousand dollars for land and building improvements and five thousand dollars for all other asset types. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Land Improvements	20 Years
Buildings and Improvements	5-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balance amounts are eliminated in the Statement of Net Position.

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will



**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the governmental fund financial statements, sick leave benefits 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 severance payable" in the fund from which the employee will be paid.

**L. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, 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.

**M. Accrued Liabilities and Long-Term Obligations**

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

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

**N. Unamortized Bond Insurance Premiums, Bond Discounts, Bond Premiums, and Bond Issuance Costs**

On the government-wide financial statements, bond insurance premiums, bond premiums and bond discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements bond insurance premiums, bond premiums, bond discounts and bond issuance costs are recognized in the period in which the bonds are issued. Bond issuance costs are expensed in the funds in the period the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

## **Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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### **O. Internal Activity**

Transfers within governmental activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

### **P. Fund Balance**

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

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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:** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions). Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

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

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

**Q. Net Position**

Net position represents the difference between assets and liabilities. Net investments 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 enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation.

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

**S. Estimates**

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

**T. Budgetary Data**

All funds, other than agency funds, 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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

## **Barnesville Exempted Village School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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

The appropriation resolution is subject to amendment by the Board of Education 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 of Education during the fiscal year.

### **NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE**

For fiscal year 2019, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*,

GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

For fiscal year 2019, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

### **NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School 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 is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual – for the General Fund and the Schoolwide Pool Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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 restricted, committed, or unassigned fund balance (GAAP basis).

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019*

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4. Transfers in and transfers out that are balance sheet transactions (GAAP basis) as opposed to operating transactions (budget basis), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. The investment market value adjustment is the amount recorded to bring investments to market value on the balance sheet (GAAP basis) that is not recorded on the budgetary (Cash basis).
6. Unrecorded cash and unrecorded interest are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General and Schoolwide Pool Funds:

	Net Change in Fund Balance	
	General	Schoolwide Pool
GAAP Basis	\$656,338	\$0
Revenue Accruals	19,815	(357,808)
Expenditure Accruals	(87,524)	35,056
Unrecorded Cash	3,994	0
GASB 31 Adjustment	11,687	0
Encumbrances	(451,046)	(3,241)
Transfers In	0	65,713
Transfers Out	261,846	0
Budget Basis	<u>\$415,110</u>	<u>(\$260,280)</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations 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. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. 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) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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Investments

Investments are reported at fair value. As of June 30, 2019, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$6,761	53.3 Days	AAAm(*)	0.10%
Money Market Mutual Fund	<u>1,593,256</u>	N/A	Aaa-mf(**)	22.70%
Total Net Asset Value Per Share	<u>1,600,017</u>			
Fair Value - Level Two Inputs:				
Federal National Mortgage Association Notes	1,035,825	Less than five years	Aaa(**)	14.76%
Federal Home Loan Bank Notes	377,011	Less than five years	Aaa(**)	5.37%
Federal Home Loan Mortgage Corporation Notes	1,508,009	Less than three years	Aaa(**)	21.49%
Negotiable CD	775,926	Less than one years	N/A	11.05%
Negotiable CD	645,184	Less than three year	N/A	9.19%
Negotiable CD	449,120	Less than five years	N/A	6.40%
Commercial Paper	<u>627,968</u>	Less than one year	P1(**)	<u>8.94%</u>
Total Fair Value - Level Two Inputs	<u>5,419,043</u>			
Total Investments	<u><u>\$7,019,060</u></u>			<u><u>100.00%</u></u>

(\*) Rating obtained from Standard & Poor's

(\*\*) Rating obtained from Moody's Investor Services

The School 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 School District's recurring fair value measurements as of June 30, 2019. The School 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 School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity.

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 School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk** The credit ratings for the School District's securities are listed above. Ohio law requires money market mutual funds be rated in the highest category at the time of purchase by at least one nationally

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

***Concentration of Credit Risk*** The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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 thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2019 was \$213,509 in the General Fund, \$7,414 in the Debt Service Fund, \$4,943 in the Permanent Improvement Fund, and \$3,239 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2018 was \$335,384 in the General Fund, \$10,443 in the Debt Service Fund, \$6,962 in the Permanent Improvement Fund and \$5,753 in the Classroom Facilities Maintenance Special Revenue Fund.



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On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified basis the revenue has been deferred inflows of resources - unavailable revenue.

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

	2018 Second		2019 First	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$194,234,450	84.74%	\$208,882,850	85.29%
Public Utility Personal	34,972,820	15.26%	36,020,340	14.71%
	<u>\$229,207,270</u>	<u>100.00%</u>	<u>\$244,903,190</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$40.25		\$40.25

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2019, consisted of property taxes, interfund, tuition and fees, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$257,820 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
Early Childhood Education	\$22,399
Title I Grant	74,611
IDEA B Grant	41,393
Title II-A Improving Teacher Quality Grant	12,701
Title IV-A	6,113
Workers Compensation Rebate	33,185
Excess Costs from Other Districts	118,274
Total	<u>\$308,676</u>

**NOTE 8 - INTERNAL BALANCES AND TRANSFERS**

***Interfund Balances***

Interfund balances at June 30, 2019, consist of the following interfund receivables and payables:

Interfund Payable	Interfund Receivable		Totals
	General Fund	Schoolwide Pool Fund	
General Fund	\$0	\$347,543	\$347,543
Other Governmental Funds	53,171	55,089	108,260
Totals	<u>\$53,171</u>	<u>\$402,632</u>	<u>\$455,803</u>

The balance due to the Schoolwide Pool Fund from the General Fund and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program. The loans made to the Other Governmental

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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Funds were used to cover actual cash deficits until grant monies are received to operate the programs. The cash deficits were covered by cash and cash equivalents from the General Fund.

***Transfers***

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

<u>Transfer to</u>	<u>Transfer from</u>
	<u>General</u>
Schoolwide Pool Fund	\$2,669,417
Other Governmental Funds	250,000
Total Transfers	<u><u>\$2,919,417</u></u>

Transfers were used to move receipts from the General Fund to the Schoolwide Pool Fund in accordance with the schoolwide building program. Transfers from the General Fund to Other Governmental Funds were made to provide resources to the Capital Projects Fund.

**NOTE 9 - CAPITAL ASSETS**

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

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/19</u>
Nondepreciable Capital Assets:				
Land	\$334,090	\$0	\$0	\$334,090
Construction in Process	85,589	0	(85,589)	0
Total Nondepreciable Capital Assets	<u>419,679</u>	<u>0</u>	<u>(85,589)</u>	<u>334,090</u>
Depreciable Capital Assets:				
Land Improvements	1,662,533	32,400	0	1,694,933
Buildings and Improvements	26,665,943	640,991	0	27,306,934
Furniture and Equipment	1,053,723	123,133	(16,317)	1,160,539
Vehicles	1,503,491	0	(63,321)	1,440,170
Total Depreciable Capital Assets	<u>30,885,690</u>	<u>796,524</u>	<u>(79,638)</u>	<u>31,602,576</u>
Accumulated Depreciation:				
Land Improvements	(949,204)	(72,118)	0	(1,021,322)
Buildings and Improvements	(15,294,059)	(719,274)	0	(16,013,333)
Furniture and Equipment	(554,652)	(68,170)	16,317	(606,505)
Vehicles	(523,675)	(70,545)	63,321	(530,899)
Total Accumulated Depreciation	<u>(17,321,590)</u>	<u>(930,107)</u>	<u>79,638</u>	<u>(18,172,059)</u>
Total Depreciable Capital Assets, Net	<u>13,564,100</u>	<u>(133,583)</u>	<u>0</u>	<u>13,430,517</u>
Governmental Capital Assets, Net	<u><u>\$13,983,779</u></u>	<u><u>(\$133,583)</u></u>	<u><u>(\$85,589)</u></u>	<u><u>\$13,764,607</u></u>

The School District had capital contributions for donated assets totaling \$488,125 during fiscal year 2019, \$478,125 of which for building improvements to the fieldhouse, with the remaining \$10,000 for equipment for wheelchairs.

**Barnesville Exempted Village School District**

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Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$433,213
Special	57,963
Vocational	18,928
Support Services:	
Pupils	32,676
Instructional Staff	23,987
Administration	57,864
Fiscal	18,928
Operation of Maintenance and Plant	67,738
Pupil Transportation	113,478
Extracurricular	60,316
Food Service Operations	45,016
Total Depreciation Expense	<u>\$930,107</u>

**NOTE 10- RISK MANAGEMENT**

The School 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. During fiscal year 2019 the School District contracted with Liberty Mutual Insurance for property and inland marine coverage, general liability, and fleet insurance coverage. A summary of coverages is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$50,450,283
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$500 deductible)	1,000,000
Medical Payments Limit	5,000
<i>General Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000
Rented Property Limit	300,000
Medical Payments Limit	15,000
<i>Employee Benefits Liability:</i>	
Each Occurrence (\$1,000 deductible)	1,000,000
Aggregated Limit	3,000,000
<i>Employer's Liability:</i>	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Limit	1,000,000
<i>Legal Liability - Errors and Omission:</i>	
Each Wrongful Act	1,000,000
Aggregate Limit	1,000,000
<i>Sexual Misconduct Liability:</i>	
Each Loss	1,000,000
Aggregate Limit	1,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. The School District pays the State a rate per \$100 of salaries for workers' compensation.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability (Asset)***

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$257,803 for fiscal year 2019, of which the full amount has been contributed.

***Plan Description - State Teachers Retirement System (STRS)***

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

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. 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 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to 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, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$754,467 for fiscal year 2019. Of this amount, \$104,730 is reported as an intergovernmental payable.

**Barnesville Exempted Village School District**

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*For the Fiscal Year Ended June 30, 2019*

***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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.04977500%	0.04444645%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.05139520%</u>	<u>0.04416689%</u>	
Change in Proportionate Share	<u>0.00162020%</u>	<u>-0.00027956%</u>	
Proportionate Share of the Net Pension Liability	\$2,943,500	\$9,711,306	\$12,654,806
Pension Expense	\$234,917	\$750,130	\$985,047

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$161,432	\$224,166	\$385,598
Changes of assumptions	66,471	1,721,026	1,787,497
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	55,473	0	55,473
School District contributions subsequent to the measurement date	<u>257,803</u>	<u>754,467</u>	<u>1,012,270</u>
Total Deferred Outflows of Resources	<u>\$541,179</u>	<u>\$2,699,659</u>	<u>\$3,240,838</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$63,421	\$63,421
Net difference between projected and actual earnings on pension plan investments	81,555	588,883	670,438
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>83,585</u>	<u>419,940</u>	<u>503,525</u>
Total Deferred Inflows of Resources	<u>\$165,140</u>	<u>\$1,072,244</u>	<u>\$1,237,384</u>

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\$1,012,270 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of 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	\$202,753	\$650,149	\$852,902
2021	37,093	412,803	449,896
2022	(96,598)	(51,377)	(147,975)
2023	(25,012)	(138,627)	(163,639)
Total	\$118,236	\$872,948	\$991,184

***Actuarial Assumptions - SERS***

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

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

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

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

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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



**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members 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 for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

**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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$4,146,139	\$2,943,500	\$1,935,164

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019*

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**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, 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, 2011 through June 30, 2016.

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

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

\* 10 year 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' 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 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$14,182,086	\$9,711,306	\$5,927,400

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2019, five member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 12 – DEFINED BENEFIT OPEB PLANS**

See Note 11 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 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](http://www.ohsers.org) under Employers/Audit Resources.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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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, .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 School District's surcharge obligation was \$28,804.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$38,352 for fiscal year 2019. Of this amount \$28,804 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

**Barnesville Exempted Village School District**

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***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability Prior Measurement Date	0.05036500%	0.04444645%	
Proportion of the Net OPEB Liability Current Measurement Date	<u>0.05229930%</u>	<u>0.04416689%</u>	
Change in Proportionate Share	<u>0.00193430%</u>	<u>-0.00027956%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,450,925	\$0	\$1,450,925
Net OPEB (Asset)	\$0	(\$709,715)	(\$709,715)
OPEB Expense	\$48,669	(\$1,552,570)	(\$1,503,901)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$23,684	\$82,896	\$106,580
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	35,343	0	35,343
School District contributions subsequent to the measurement date	<u>38,352</u>	<u>0</u>	<u>38,352</u>
Total Deferred Outflows of Resources	<u>\$97,379</u>	<u>\$82,896</u>	<u>\$180,275</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$41,350	\$41,350
Changes of assumptions	130,354	967,045	1,097,399
Net difference between projected and actual earnings on OPEB plan investments	2,177	81,079	83,256
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>40,603</u>	<u>67,721</u>	<u>108,324</u>
Total Deferred Inflows of Resources	<u>\$173,134</u>	<u>\$1,157,195</u>	<u>\$1,330,329</u>

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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\$38,352 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	(\$69,588)	(\$193,428)	(\$263,016)
2021	(52,469)	(193,428)	(245,897)
2022	1,740	(193,429)	(191,689)
2023	2,666	(175,015)	(172,349)
2024	2,515	(168,551)	(166,036)
Thereafter	1,029	(150,448)	(149,419)
Total	<u>(\$114,107)</u>	<u>(\$1,074,299)</u>	<u>(\$1,188,406)</u>

***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.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment 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.

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

**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

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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.

***Sensitivity of the School 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%)
School District's proportionate share of the net OPEB liability	\$1,760,582	\$1,450,925	\$1,205,733

	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%)
School District's proportionate share of the net OPEB liability	\$1,170,629	\$1,450,925	\$1,822,084

***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 initial, 4 percent ultimate

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



## Barnesville Exempted Village School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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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 of 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 remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

***Discount Rate*** The discount rate used to measure the total OPEB liability (asset) was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability (asset) was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. 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 (asset) 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 as of June 30, 2017.

**Barnesville Exempted Village School District**

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***Sensitivity of the School 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.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.45%)</u>	<u>Discount Rate</u>	<u>(8.45%)</u>
		<u>(7.45%)</u>	
School District's proportionate share of the net OPEB asset	(\$608,294)	(\$709,715)	(\$794,958)

  

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
		<u>Trend Rate</u>	
		<u>(7.45%)</u>	
School District's proportionate share of the net OPEB asset	(\$790,146)	(\$709,715)	(\$628,035)

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, who work less than 260 days, do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

***Other Insurance Benefits***

The School District provides medical/prescription drug and vision benefits to most employees through the Health Plan of the Upper Ohio Valley HMO. The Board pays 90 percent of the premiums for all certified staff and for the full-time classified staff. For the part-time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley is \$608.47 single and \$1,522.01 family for medical/prescription drug and vision. The School District provides dental coverage from Coresource. The Board pays 90 percent of the premiums for all certified staff and for the full-time classified staff. For the part-time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for dental coverage is \$41.29 single and \$95.19 family. Life and accidental death and dismemberment insurance is provided through Assurant in the amount of \$30,000 per employee at a total monthly premium of \$2.85, of which the Board pays 100 percent.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019*

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**NOTE 14 - COMMITMENTS**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$451,046
Other Non-Major Governmental Funds	90,274
Total	<u>\$541,320</u>

**NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, the School District entered into capitalized leases for copying equipment. Capital lease payments have been reclassified from functional expenditures and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Assets acquired by capitalized leases are reported net of accumulated depreciation in the amount of \$40,834. Principal payments in fiscal year 2019 totaled \$12,851, in the governmental funds.

Future minimum lease payments through fiscal year 2023 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$13,838	\$2,962
2021	14,900	1,900
2022	16,045	755
2023	1,392	8
Total	<u>\$46,175</u>	<u>\$5,625</u>

**Barnesville Exempted Village School District**

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*For the Fiscal Year Ended June 30, 2019*

**NOTE 16 - LONG - TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/18	Additions	Deductions	Principal Outstanding 6/30/19	Amounts Due Within One Year
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
2007 School Improvement					
Refunding Bonds					
Capital Appreciation Bonds -					
\$94,999 @ 4.2%-4.25%	44,568	0	44,568	0	0
Premium - \$183,348	18,831	0	18,831	0	0
CAB Accretion - \$390,001 @ 14.955%	185,643	14,789	200,432	0	0
2009 School Energy Conservation					
Improvement Bonds \$714,719					
Serial Bonds @ 1.85%	360,000	0	50,000	310,000	50,000
<b>Total</b>	<b>609,042</b>	<b>14,789</b>	<b>313,831</b>	<b>310,000</b>	<b>50,000</b>
<u>Direct Borrowings and Direct Placements:</u>					
2016 School Improvement					
Refunding Bonds \$425,000					
Serial Bonds @ 1.35% - 1.8%	425,000	0	0	425,000	100,000
<b>Total General Obligation Bonds</b>	<b>1,034,042</b>	<b>14,789</b>	<b>313,831</b>	<b>735,000</b>	<b>150,000</b>
<u>Net Pension Liability:</u>					
SERS	2,973,947	0	30,447	2,943,500	0
STRS	10,558,350	0	847,044	9,711,306	0
<b>Total Net Pension Liability</b>	<b>13,532,297</b>	<b>0</b>	<b>877,491</b>	<b>12,654,806</b>	<b>0</b>
<u>Net OPEB Liability:</u>					
SERS	1,351,665	99,260	0	1,450,925	0
STRS	1,734,137	0	1,734,137	0	0
<b>Total Net OPEB Liability</b>	<b>3,085,802</b>	<b>99,260</b>	<b>1,734,137</b>	<b>1,450,925</b>	<b>0</b>
Intergovernmental Payable	10,000	0	5,000	5,000	5,000
Capital Leases	59,026	0	12,851	46,175	13,838
Compensated Absences	735,530	114,771	29,737	820,564	59,836
<b>Total Governmental Long-Term Obligations</b>	<b>\$18,456,697</b>	<b>\$228,820</b>	<b>\$2,973,047</b>	<b>\$15,712,470</b>	<b>\$228,674</b>

*2007 School Improvement Refunding General Obligation Bonds* – On February 7, 2007, Barnesville Exempted Village School District issued \$1,684,999 of general obligation bonds. The bonds were issued to refund \$1,685,000 of outstanding 2000 School Facilities General Obligation Term Bonds. The bonds were issued for a 16 year period with final maturity at December 1, 2022. At the date of refunding, \$1,807,411 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities General Obligation Term Bonds. All of the original 2000 bonds that were refunded through the 2007 refunding bond issue were subsequently called and fully repaid through the trust account. In connection with the passage of the original 2000 bond issue, the School District also passed a half-mill levy for the maintenance of the new building.

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The capital appreciation bonds for this issue had maturity dates of December 1, 2018 and 2019. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest was paid and the bond holder received the face value of the bond. During fiscal year 2019, the final \$245,000 of the capital appreciation bonds matured.

As of June 30, 2019, the 2007 School Improvement Refunding General Obligation Bonds have been fully retired.

*2009 School Energy Conservation Improvement Qualified School Construction Bonds* - On November 4, 2009, Barnesville Exempted Village School District issued \$714,719 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 1.85% interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

Principal and interest requirements to retire the remaining outstanding qualified school construction bonds for the 2009 School Energy Conservation Improvement Bonds outstanding at June 30, 2019 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$50,000	\$5,272	\$55,272
2021	50,000	4,347	54,347
2022	50,000	3,423	53,423
2023	50,000	2,497	52,497
2024	55,000	1,019	56,019
2025	55,000	1,017	56,017
Total	<u>\$310,000</u>	<u>\$17,575</u>	<u>\$327,575</u>

The School District's outstanding bonds from direct financing and direct placements totaled \$425,000 as of June 30, 2019. Discussion of such issues, including the terms specified in debt agreements related to significant events of default with finance-related consequences and termination events with finance-related consequences, are as follows:

*2016 School Improvement Refunding General Obligation Bonds* – On September 13, 2016, Barnesville Exempted Village School District issued \$425,000 of general obligation serial bonds. The bonds were issued to partially refund the 2007 School Improvement Refunding Bonds, as well as pay the cost of issuance of these bonds. The \$425,000 of the 2016 bond issue, along with \$695,750 of current School District resources (accumulated resources of the debt service fund), were used to refund \$1,075,000 of Term Bonds. These refunded Term Bonds were called and fully repaid on December 1, 2016. The 2016 School Improvement Bonds were issued for a 7 year period with final maturity at December 1, 2022. The issue resulted in a refunding difference of that is reported as a deferred inflow on the Statement of Net Position and amortized annually through maturity. For fiscal year 2019 the annual amortization was \$2,326, resulting in a remaining deferred charge on refunding in the amount of \$9,302. The 2016 Bonds are not subject to redemption prior to their stated maturity. The issue contains no provisions in the event of default; the bonds are a voted general obligation of the School District, backed by its full faith and credit, and secured by its ability to levy a tax in an amount sufficient to make scheduled debt service payments as they come due.

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

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Principal and interest requirements to retire the 2016 School Improvement and Refunding Bonds outstanding at June 30, 2019 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$100,000	\$6,270	\$106,270
2021	100,000	4,795	104,795
2022	110,000	3,033	113,033
2023	115,000	1,035	116,035
Total	<u>\$425,000</u>	<u>\$15,133</u>	<u>\$440,133</u>

*Long-term Intergovernmental Payable* - On December 17, 2015 the Barnesville Exempted Village School District Board of Education signed an addendum to Service Agreement with the East Central Ohio Educational Service Center Governing Board (ECOESC). The Board of Education and the ECOESC wish to include an additional service to the services that the ECOESC will provide to the Board of Education pursuant to Section 3313.845 of Ohio Revised Code. In consideration of the services contained in the addendum the ECOESC will purchase property to be used for the delivery of educational services to students served by the Belmont County school district clients of the ECOESC. In consideration of the above, the Board agreed to pay ECOESC, the sum of \$5,000 per year for a period of five years, for a total payment of \$25,000. At June 30, 2019 \$5,000 remains outstanding and due within one year.

The School District's overall legal debt margin was \$21,495,429 with an unvoted debt margin of \$244,903 at June 30, 2019.

The capital lease will be paid from the General Fund.

Compensated absences will be paid from the General Fund.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General, Schoolwide Pool Special Revenue, and Other Non-Major Governmental funds. For additional information related to the net pension/OPEB liability see Notes 11 and 12.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

*Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council)* - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments. The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2019, the total amount paid to OME-RESA from the School District was \$43,661 for technology services, financial accounting services and educational management information. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

## **Barnesville Exempted Village School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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*Coalition of Rural and Appalachian Schools (CORAS)* - The Coalition of Rural and Appalachian Schools is a jointly governed organization including 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education 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 Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2019.

*Belmont-Harrison Vocational School District* - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at 68090 Hammond Road, St. Clairsville, Ohio 43950.

#### **NOTE 18 - PUBLIC ENTITY POOL**

*Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)* - The School District participates in the Ohio School Boards Association Workers' Compensation Program, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$1,000 for policy year 2019 was paid to Paramount Preferred Solutions.

#### **NOTE 19 - RELATED ORGANIZATION**

*Barnesville Hutton Memorial Library* - The Barnesville Hutton Memorial Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Barnesville Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Barnesville Hutton Memorial Library, Clerk, at East Main Street, Barnesville, Ohio 43713.

#### **NOTE 20 - CONTINGENCIES**

##### ***Grants***

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

**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019*

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***Litigation***

The School District is currently not a party to any legal proceedings.

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS**

The School 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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2018	\$0
Current Year Set-aside Requirement	241,896
Offsetting Revenue	(232,361)
Qualifying Expenditures	(331,870)
Total	<u>(\$322,335)</u>
Balance Carried Forward to Fiscal Year 2020	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2019	<u>\$0</u>

The School District had qualifying disbursements that reduced the capital improvements set-aside amount below zero. This excess may not be carried forward to offset future year set-aside requirements. The School District also had prior year capital expenditures from bond and note proceeds that may be used to offset future set-aside requirements, if needed.

**NOTE 22 - SUBSEQUENT EVENTS**

***Risk-Sharing, Claims Servicing, and Insurance Purchasing Pool***

Effective July 1, 2019, the School District began participating in the Jefferson Health Plan. The Jefferson Health Plan is a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total



**Barnesville Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2019*

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plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Sun Life.

***Reallocation of Inside Millage***

During the November 21, 2019 board meeting, the Board of Education approved Resolution 19-16 to reallocate 0.25 mills of property tax within the ten-mill limitation from a current expenses allocation to the permanent improvements allocation for use in acquiring, constructing, renovating, improving, and/or satisfying the debt of assets, school property, buildings, and other facilities, with an estimated life or useful life of five years or more.

***Barnesville Association of Classified Employees/OEA/NEA Agreement***

The Board of Education approved a tentative agreement between the School District and the Barnesville Association of Classified Employees during the December 18, 2019 board meeting. This agreement was subsequently approved by the Barnesville Association of Classified Employees. Prior to the approval of the agreement, classified employees were working under an extension of the previous contract, which expired on June 30, 2019.

**Barnesville Exempted Village School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Six Fiscal Years (1) \**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net Pension Liability	0.05139520%	0.04977500%	0.05247520%
School District's Proportionate Share of the Net Pension Liability	\$2,943,500	\$2,973,947	\$3,840,701
School District's Covered Payroll	\$1,714,948	\$1,668,814	\$1,629,686
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.64%	178.21%	235.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added for each year.

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

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05303920%	0.05172700%	0.05172700%
\$3,026,469	\$2,617,874	\$3,076,039
\$1,596,760	\$1,503,074	\$1,419,786
189.54%	174.17%	216.66%
69.16%	71.70%	65.52%

**Barnesville Exempted Village School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Six Fiscal Years (1) \**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net Pension Liability	0.04416689%	0.04444645%	0.04595847%
School District's Proportionate Share of the Net Pension Liability	\$9,711,306	\$10,558,350	\$15,383,685
School District's Covered Payroll	\$5,075,279	\$4,679,221	\$4,924,971
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.35%	225.64%	312.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added for each year.

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

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.04635636%	0.04693040%	0.04693040%
\$12,811,543	\$11,415,097	\$13,597,589
\$4,806,564	\$4,821,508	\$4,725,569
266.54%	236.75%	287.75%
72.10%	74.70%	69.30%

**Barnesville Exempted Village School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Three Fiscal Years (1) \**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.05229930%	0.05036500%	0.05319930%
School District's Proportionate Share of the Net OPEB Liability	\$1,450,925	\$1,351,665	\$1,516,377
School District's Covered Payroll	\$1,714,948	\$1,668,814	\$1,629,686
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	84.60%	81.00%	93.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

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

See accompanying notes to the required supplementary information.

**Barnesville Exempted Village School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension OPEB (Asset) Liability*  
*State Teachers Retirement System of Ohio*  
*Last Three Fiscal Years (1) \**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB (Asset) Liability	0.04416689%	0.04444645%	0.04595847%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$709,715)	\$1,734,137	\$2,457,871
School District's Covered Payroll	\$5,075,279	\$4,679,221	\$4,924,971
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-13.98%	37.06%	49.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

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

See accompanying notes to the required supplementary information.

**Barnesville Exempted Village School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$257,803	\$231,518	\$233,634	\$228,156
Contributions in Relation to the Contractually Required Contribution	<u>(257,803)</u>	<u>(231,518)</u>	<u>(233,634)</u>	<u>(228,156)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,909,652	\$1,714,948	\$1,668,814	\$1,629,686
Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$38,352	\$30,810	\$26,789	\$27,011
Contributions in Relation to the Contractually Required Contribution	<u>(\$38,352)</u>	<u>(\$30,810)</u>	<u>(\$26,789)</u>	<u>(\$27,011)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.01%</u>	<u>1.80%</u>	<u>1.61%</u>	<u>1.66%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.51%</u>	<u>15.30%</u>	<u>15.61%</u>	<u>15.66%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information.



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$210,453	\$208,326	\$196,498	\$196,976	\$181,334	\$181,138
<u>(210,453)</u>	<u>(208,326)</u>	<u>(196,498)</u>	<u>(196,976)</u>	<u>(181,334)</u>	<u>(181,138)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,596,760	\$1,503,074	\$1,419,786	\$1,464,504	\$1,442,592	\$1,337,798
<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>	<u>13.54%</u>
\$40,522	\$28,108	\$26,655	\$31,780	\$43,999	\$27,826
<u>(\$40,522)</u>	<u>(\$28,108)</u>	<u>(\$26,655)</u>	<u>(\$31,780)</u>	<u>(\$43,999)</u>	<u>(\$27,826)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.54%</u>	<u>1.87%</u>	<u>1.88%</u>	<u>2.17%</u>	<u>3.05%</u>	<u>2.08%</u>
<u>15.72%</u>	<u>15.73%</u>	<u>15.72%</u>	<u>15.62%</u>	<u>15.62%</u>	<u>15.62%</u>

**Barnesville Exempted Village School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2019	2018	2017	2016
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$754,467	\$710,539	\$655,091	\$689,496
Contributions in Relation to the Contractually Required Contribution	<u>(754,467)</u>	<u>(710,539)</u>	<u>(655,091)</u>	<u>(689,496)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$5,389,050	\$5,075,279	\$4,679,221	\$4,924,971
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$672,919	\$626,796	\$614,324	\$617,814	\$610,695	\$595,141
<u>(672,919)</u>	<u>(626,796)</u>	<u>(614,324)</u>	<u>(617,814)</u>	<u>(610,695)</u>	<u>(595,141)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,806,564	\$4,821,508	\$4,725,569	\$4,752,415	\$4,697,654	\$4,578,008
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$48,215	\$47,256	\$47,524	\$46,977	\$45,780
<u>0</u>	<u>(48,215)</u>	<u>(47,256)</u>	<u>(47,524)</u>	<u>(46,977)</u>	<u>(45,780)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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**Barnesville Exempted Village School District**

*Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2019*

**Net Pension Liability**

**Changes in Assumptions – 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:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
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 Assumptions - 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:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

## Barnesville Exempted Village School District

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2019

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 Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:		
Fiscal year 2019		3.62 percent
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 2019		3.70 percent
Fiscal year 2018		3.63 percent
Fiscal year 2017		2.98 percent

#### Changes in Assumptions – 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 care cost trend rates were modified along with the portion 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.

**Barnesville Exempted Village School District**

*Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2019*

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**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 discontinued 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. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

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**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program - Food Donation	10.555	2019	\$35,839
Cash Assistance:			
School Breakfast Program	10.553	2019	97,601
National School Lunch Program	10.555	2019	168,245
Cash Assistance Subtotal			<u>265,846</u>
Total Child Nutrition Cluster			<u>301,685</u>
Total U.S. Department of Agriculture			301,685
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	2018 2019	67,623 <u>198,546</u>
Total Title I Grants to Local Educational Agencies			<u>266,169</u>
Special Education Cluster (IDEA):			
Special Education, Grants to States (IDEA, Part B)			
Special Education Preschool Grants	84.027	2018 2019	51,865 288,866
Total Special Cluster (IDEA)	84.173	2019	<u>7,254</u> 347,985
Improving Teacher Quality State Grants			
	84.367	2018 2019	8,940 33,799
Total Improving Teacher Quality State Grants			<u>42,739</u>
Title IV, Part A Student Support and Academic Enrichment			
	84.424	2018 2019	2,384 16,267
Total Title IV, Part A Student Support and Academic Enrichment			<u>18,651</u>
Total U.S. Department of Education			<u>675,544</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$977,229</u></u></b>

*The accompanying notes are an integral part of this Schedule.*

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School 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 School District, it is not intended to and does not present the financial position or changes in net position of the School 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 School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the fair value. The School 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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The Plains, Ohio 45780-1231  
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SoutheastRegion@ohioauditor.gov

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

Barnesville Exempted Village School District  
Belmont County  
210 West Church Street  
Barnesville, Ohio 43713

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 Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 10, 2020.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School 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 School 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 School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 10, 2020

# OHIO AUDITOR OF STATE KEITH FABER



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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

Barnesville Exempted Village School District  
Belmont County  
210 West Church Street  
Barnesville, Ohio 43713

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Barnesville Exempted Village School District's, Belmont County, Ohio (the School 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 Barnesville Exempted Village 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 School District's major federal program.

### ***Management's Responsibility***

The School 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 School District's compliance for the School 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 School 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 School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Barnesville Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

***Report on Internal Control Over Compliance***

The School 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 School 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 School District's internal control over compliance.

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

January 10, 2020

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2019**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program (list):</b>	Title I Grants to Local Educational Agencies – CFDA # 84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT**

**BELMONT COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 28, 2020**