



TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2016

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Education
Trimble Local School District
One Tomcat Drive
Glouster, Ohio 45732

We have reviewed the *Independent Auditor's Report* of the Trimble Local School District, Athens County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Trimble Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 15, 2017

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Independent Auditor's Report

Board of Education
Trimble Local School District
One Tomcat Drive
Glouster, OH 45732

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Trimble Local School District, Athens County, Ohio (the School District), as of and for the year ended June 30, 2016, and 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' *Governmental 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 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, the major funds, and the aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio as of June 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund and Title I Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 4-15 and schedules of net pension liabilities and pension 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 inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 assurance.

Supplementary and Other Information

We audited to opine on the School District's financial statements that collectively comprise its basic financial statements.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the 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 schedule to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 a report dated December 1, 2016, 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 1, 2016, except for testing of the Twenty-First Century Community Learning Centers federal program described in the Schedule of Findings for which is dated March 9, 2017.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The management discussion and analysis of the Trimble Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ▶ The assets and deferred outflows of Trimble Local School District exceeded its liabilities and deferred inflows at June 30, 2016 by \$3,586,756. Of this amount, \$11,903,464 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining deficit of \$8,316,708 represents unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$1,879,013 which represents a 110.03 percent increase from 2015.
- ▶ General revenues accounted for \$9,337,785, or 70.94 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,825,740 or 29.06 percent of total revenues of \$13,163,525.
- ▶ The District had \$11,284,512 in expenses related to governmental activities; only \$3,825,740 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$9,337,785 were used to provide for the remainder of these programs.
- ▶ The District recognizes two major governmental funds: the General Fund and Title I Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$11,042,363 in revenues and \$8,975,819 in expenditures in fiscal year 2016.

Using this Annual Report

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

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

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General and Title I Fund.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2016 compared to fiscal year 2015:

Table 1
Net Position at Year End

	<u>Governmental Activities</u>	
	2016	Restated 2015
<u>Assets:</u>		
Current and Other Assets	\$8,560,591	\$6,286,674
Capital Assets, net	11,946,123	12,459,320
<i>Total Assets</i>	<u>20,506,714</u>	<u>18,745,994</u>
<u>Deferred Outflows of Resources:</u>		
Pension	1,408,113	901,754
<i>Total Deferred Outflows of Resources</i>	<u>1,408,113</u>	<u>901,754</u>
<u>Liabilities:</u>		
Current and Other Liabilities	1,290,311	1,504,837
Long-Term Liabilities:		
Due Within One Year	269,142	213,294
Due in More Than One Year:		
Net Pension Liability	13,142,259	11,656,240
Other Amounts	1,418,133	1,832,835
<i>Total Liabilities</i>	<u>16,119,845</u>	<u>15,207,206</u>
<u>Deferred Inflows of Resources:</u>		
Property Taxes	1,154,053	629,863
Pension	1,054,173	2,102,936
<i>Total Deferred Inflows of Resources</i>	<u>2,208,226</u>	<u>2,732,799</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	10,896,058	11,239,290
Restricted	1,007,406	408,882
Unrestricted	(8,316,708)	(9,940,429)
<i>Total Net Position</i>	<u>\$3,586,756</u>	<u>\$1,707,743</u>

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Under the new standards required by GASB Statement No. 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension obligation, 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer the employee, because all parties enter the employment exchange with notice as to law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates and return on investments affect the balance of the net pension liability, 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 pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB Statement No. 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Current and other assets increased \$2,273,917 from fiscal year 2016 due to an increase in cash and cash equivalents which is the result of revenues exceeding expenses. Capital assets decreased by \$513,197, due to current year depreciation exceeding capital asset additions.

Current (other) liabilities decreased by \$214,526 or 14.26 percent, due to a decrease in contracts payable.

Long-term liabilities increased by \$1,127,165 or 8.23 percent, due primarily to the increase in net pension liability.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The District's largest portion of net position is related to amounts net investment in capital assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The District's smallest portion of net position is unrestricted, and carries a deficit balance of \$8,316,708. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$1,007,406 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2016 and provides a comparison to fiscal year 2015.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>Restated 2015</u>
<u>Revenues:</u>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$778,149	\$687,429
Operating Grants and Contributions	3,047,591	2,292,988
<i>General Revenues:</i>		
Property Taxes	980,080	885,519
Unrestricted Grants and Entitlements	8,284,211	8,026,185
Payment in Lieu of Taxes	3,923	3,923
Investment Earnings	12,334	5,699
Gifts and Donations	0	2,400
Gain on Sale of Assets	0	3,000
Miscellaneous	57,237	73,032
<i>Total Revenues</i>	<u>13,163,525</u>	<u>11,980,175</u>

(Continued)

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table 2
Changes in Net Position

	2016	Restated 2015
<u>Expenses:</u>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	4,696,224	4,651,311
Special	2,000,270	1,937,458
Vocational	19,422	11,612
Student Intervention Services	89,477	7,900
Other	83,289	90,627
<i>Support Services:</i>		
Pupils	343,776	311,039
Instructional Staff	229,150	213,543
Board of Education	119,088	147,650
Administration	790,754	853,452
Fiscal	188,429	221,135
Operation and Maintenance of Plant	1,090,808	1,912,339
Pupil Transportation	583,048	656,942
Central	90,871	190,354
<i>Operation of Non-Instructional Services:</i>		
Food Service	683,605	575,679
Community Service	1,882	0
Extracurricular Activities	234,253	198,703
Issuance Costs	0	17,000
Interest and Fiscal Charges	40,166	32,193
<i>Total Expenses</i>	11,284,512	12,028,937
<i>Change in Net Position</i>	1,879,013	(48,762)
Net Position - Beginning of Year, Restated	1,707,743	1,756,505
Net Position - End of Year	\$3,586,756	\$1,707,743

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The most significant program expenses for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration, and Food Service. These programs account for 82.08 percent of the total governmental activities. Regular Instruction, which accounts for 41.62 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 17.72 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 9.67 percent of the total, represent costs associated with operating and maintaining the District's facilities. Administration, which represents 7.01 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Food Service, which represents 6.06 percent of the total, represents costs associated with Food Service Operations.

As noted previously, the net position for the governmental activities increased \$1,879,013 or 110.03 percent. This is a change from last year when net position decreased \$48,762 or 2.78 percent. Total revenues increased \$1,183,350 or 9.88 percent from last year and expenses decreased \$744,425 or 6.19 percent from last year.

The District had a program revenue increase of \$845,323 and an increase in general revenue of \$338,027. The increase in program revenue is due primarily to an increase in operating grants and the increase in general revenue is due mostly to an increase in unrestricted grants revenue.

The total expenses for governmental activities decreased \$744,425 or 6.19 percent, primarily due to a decrease in operation and maintenance of plant.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 7.45 percent and intergovernmental revenue made up 86.08 percent of the total revenue for the governmental activities in fiscal year 2016.

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

The District's intergovernmental revenue consists primarily of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2016, the District received \$9,207,800 through the State's foundation program, which represents 69.95 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 61.05 percent of governmental activities program expenses. Support services expenses make up 30.45 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2016 compared with fiscal year 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016	2016	2015	2015
<i>Program Expenses:</i>				
Instruction	\$6,888,682	\$4,349,562	\$6,698,908	\$4,523,885
Support Services	3,435,924	2,772,042	4,506,454	4,288,629
Operation of Non-Instructional Services	685,487	143,888	575,679	58,214
Extracurricular Activities	234,253	153,114	198,703	128,599
Insurance Costs	0	0	17,000	17,000
Interest and Fiscal Charges	40,166	40,166	32,193	32,193
Total Expenses	<u>\$11,284,512</u>	<u>\$7,458,772</u>	<u>\$12,028,937</u>	<u>\$9,048,520</u>

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$13,434,642 and expenditures and other financing uses of \$11,784,250.

The fund balances of the total governmental funds increased by \$1,650,392 or 44.69 percent. The increase in fund balance for the year was most significant in the General Fund which increased \$1,488,795 or 44.39 percent, and was primarily the result of an increase in intergovernmental revenue during the current year.

The District should remain stable in fiscal years 2017 and 2018. However, projections beyond fiscal year 2018 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

During the course of fiscal year 2016, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

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

For the General Fund, the final budget basis revenue was \$11,134,735, representing an increase of \$1,459,129 or 15.08 percent from the original budget estimate of \$9,675,606. The increase was the result of increased expectations for intergovernmental revenue. The final budget basis expenditures were \$9,250,207 representing a decrease of \$121,715 or 1.30 percent from the original budget basis expenditures of \$9,371,922. The decrease was primarily due to decreases in administration and pupil transportation expenditure functions.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the District had \$24,753,489 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of \$12,807,366. Table 4 shows fiscal year 2016 balances compared to fiscal year 2015.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	<u>Governmental Activities</u>	
	2016	Restated 2015
<i>Nondepreciable Capital Assets:</i>		
Land	\$55,370	\$55,370
<i>Depreciable Capital Assets:</i>		
Land Improvements	789,357	789,357
Buildings and Improvements	21,518,230	21,518,230
Furniture, Fixtures and Equipment	1,322,045	1,288,996
Vehicles	1,068,487	881,975
<i>Total Capital Assets</i>	24,753,489	24,533,928
<i>Less Accumulated Depreciation:</i>		
Land Improvements	630,147	601,755
Buildings and Improvements	10,733,373	10,224,645
Furniture, Fixtures and Equipment	854,638	732,263
Vehicles	589,208	515,945
<i>Total Accumulated Depreciation</i>	12,807,366	12,074,608
<i>Capital Assets, Net</i>	\$11,946,123	\$12,459,320

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

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

Debt Administration

At June 30, 2016, the District had \$1,277,668 in general obligation debt outstanding with \$192,799 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2016 compared to fiscal year 2015.

Table 5
 Outstanding Debt, Governmental Activities at Year End

Purpose	2016	2015
2006 Bond Refinancing	\$385,637	\$405,000
Roof Project Note	655,000	815,000
Department of Administration Services Loan	237,031	254,022
Total	<u>\$1,277,668</u>	<u>\$1,474,022</u>

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

Current Issues

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

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

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

Externally, the District is largely depended on State funding sources at 90%. State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen a slight decline in student enrollment in the past several years, while State revenue growth has shifted towards school districts with low property tax wealth, declining enrollment has served to somewhat offset any increases in State funding.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Although higher per-pupil funding has helped the District lessen the impact of required budget cuts, much of the positive impact has been offset by other negative financial factors that occurred in the past year such as higher insurance costs and decreasing enrollment.

The District initiated several new programs such as a Capital Improvement Plan, started in December 2015 and an Investment Program which started in April 2016. The Capital Improvement Plan will allow the District to better plan and budget for capital expenditure including maintenance, school bus purchases and HVAC repairs. The investment program should assist in increase interest revenues for the District. With the slight rebound in interest rates in the first two quarters of 2016, the district could offset a small amount of funding decreases.

As the preceding information presents, the District depends upon its taxpayers as well as the State to operate. The District must continue to be vigilant in its financial planning even as revenues from the State increase due to the volatility in being 90% funded by the State.

Contacting the District's Financial Management

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

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$6,517,219
Cash and Cash Equivalents in Segregated Accounts	250
Property Taxes Receivable	1,566,252
Intergovernmental Receivable	473,843
Materials and Supplies Inventory	3,027
Nondepreciable Capital Assets	55,370
Depreciable Capital Assets, Net	<u>11,890,753</u>
<i>Total Assets</i>	<u>20,506,714</u>
<u>Deferred Outflows of Resources:</u>	
Pension	<u>1,408,113</u>
<i>Total Deferred Outflows of Resources</i>	<u>1,408,113</u>
<u>Liabilities:</u>	
Accounts Payable	165,854
Accrued Wages and Benefits	986,300
Intergovernmental Payable	135,810
Accrued Interest Payable	2,347
<i>Long-Term Liabilities:</i>	
Due within One Year	269,142
<i>Due in More Than One Year:</i>	
Net Pension Liability	13,142,259
Other Amounts Due in More Than One Year	<u>1,418,133</u>
<i>Total Liabilities</i>	<u>16,119,845</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes	1,154,053
Pension	<u>1,054,173</u>
<i>Total Deferred Inflows of Resources</i>	<u>2,208,226</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	10,896,058
<i>Restricted for:</i>	
Capital Outlay	396,252
Debt Service	192,555
Other Purposes	418,599
Unrestricted	<u>(8,316,708)</u>
<i>Total Net Position</i>	<u><u>\$3,586,756</u></u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$4,696,224	\$678,978	\$267,821	(\$3,749,425)
Special	2,000,270	0	1,525,751	(474,519)
Vocational	19,422	0	5,161	(14,261)
Student Intervention Services	89,477	0	61,409	(28,068)
Other	83,289	0	0	(83,289)
<i>Support Services:</i>				
Pupils	343,776	0	650	(343,126)
Instructional Staff	229,150	0	84,179	(144,971)
Board of Education	119,088	0	0	(119,088)
Administration	790,754	0	27,480	(763,274)
Fiscal	188,429	0	0	(188,429)
Operation and Maintenance of Plant	1,090,808	0	0	(1,090,808)
Pupil Transportation	583,048	0	527,635	(55,413)
Central	90,871	0	23,938	(66,933)
<i>Operation of Non-Instructional Services:</i>				
Food Service	683,605	22,842	518,757	(142,006)
Community Service	1,882	0	0	(1,882)
Extracurricular Activities	234,253	76,329	4,810	(153,114)
Interest and Fiscal Charges	40,166	0	0	(40,166)
Total Governmental Activities	\$11,284,512	\$778,149	\$3,047,591	(7,458,772)
<u>General Revenues:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				652,379
Capital Outlay				269,919
Debt Service				47,392
Classroom Maintenance				10,390
Grants and Entitlements not Restricted to Specific Programs				8,284,211
Payments in Lieu of Taxes				3,923
Investment Earnings				12,334
Miscellaneous				57,237
Total General Revenues				9,337,785
Change in Net Position				1,879,013
<i>Net Position at Beginning of Year, As Restated</i>				1,707,743
<i>Net Position at End of Year</i>				\$3,586,756

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2016*

	<u>General</u>	<u>Title I</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,701,678	\$0	\$815,541	\$6,517,219
Cash and Cash Equivalents in Segregated Accounts	0	0	250	250
Property Taxes Receivable	1,180,788	0	385,464	1,566,252
Interfund Receivable	62,984	0	0	62,984
Intergovernmental Receivable	26,855	234,845	212,143	473,843
Materials and Supplies Inventory	0	0	3,027	3,027
<i>Total Assets</i>	<u>\$6,972,305</u>	<u>\$234,845</u>	<u>\$1,416,425</u>	<u>\$8,623,575</u>
<u>Liabilities:</u>				
Accounts Payable	\$4,520	\$34,407	\$126,927	\$165,854
Accrued Wages and Benefits	822,853	78,854	84,593	986,300
Intergovernmental Payable	127,009	2,373	6,428	135,810
Interfund Payable	0	39,428	23,556	62,984
<i>Total Liabilities</i>	<u>954,382</u>	<u>155,062</u>	<u>241,504</u>	<u>1,350,948</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes	1,148,072	0	374,784	1,522,856
Intergovernmental	26,855	195,418	183,727	406,000
<i>Total Deferred Inflows of Resources</i>	<u>1,174,927</u>	<u>195,418</u>	<u>558,511</u>	<u>1,928,856</u>
<u>Fund Balances:</u>				
Nonspendable	10,014	0	3,027	13,041
Restricted	0	0	774,723	774,723
Assigned	149,136	0	0	149,136
Unassigned	4,683,846	(115,635)	(161,340)	4,406,871
<i>Total Fund Balances</i>	<u>4,842,996</u>	<u>(115,635)</u>	<u>616,410</u>	<u>5,343,771</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,972,305</u>	<u>\$234,845</u>	<u>\$1,416,425</u>	<u>\$8,623,575</u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2016*

Total Governmental Funds Balances		\$5,343,771
<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 and therefore are not reported in the funds.		11,946,123
Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	368,803	
Intergovernmental	<u>406,000</u>	
Total receivables that are deferred in the funds		774,803
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
General obligation bonds	(385,637)	
Capital appreciation bonds	(35,717)	
Long-term notes	(655,000)	
Ohio Development Services Agency energy loan	(237,031)	
Accrued interest on bonds	(2,347)	
Capital leases	(9,428)	
Compensated absences	<u>(364,462)</u>	
Total liabilities not reported in funds		(1,689,622)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	1,408,113	
Deferred Inflows - Pension	(1,054,173)	
Net Pension Liability	<u>(13,142,259)</u>	
Total		<u>(12,788,319)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$3,586,756</u></u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Title I	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$670,844	\$0	\$256,189	\$927,033
Intergovernmental	9,625,281	394,273	1,049,403	11,068,957
Interest	12,088	0	246	12,334
Tuition and Fees	677,542	0	0	677,542
Rent	490	0	0	490
Extracurricular Activities	3,879	0	72,450	76,329
Gifts and Donations	2,750	0	6,510	9,260
Charges for Services	0	0	23,788	23,788
Payments in Lieu of Taxes	3,923	0	0	3,923
Miscellaneous	45,566	0	11,671	57,237
<i>Total Revenues</i>	<u>11,042,363</u>	<u>394,273</u>	<u>1,420,257</u>	<u>12,856,893</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,102,514	34,407	354,916	4,491,837
Special	1,398,286	311,549	185,661	1,895,496
Vocational	19,422	0	0	19,422
Student Intervention Services	41,488	48,583	0	90,071
Other	73,262	10,027	0	83,289
<i>Support Services:</i>				
Pupils	324,737	0	3,150	327,887
Instructional Staff	143,532	51,180	18,380	213,092
Board of Education	113,606	0	5,586	119,192
Administration	738,112	4,583	19,951	762,646
Fiscal	177,253	0	6,829	184,082
Operation and Maintenance of Plant	1,016,252	0	7,870	1,024,122
Pupil Transportation	544,776	0	189,907	734,683
Central	86,387	0	6,069	92,456
Operation of Non-Instructional Services	0	0	614,858	614,858
Extracurricular Activities	148,426	0	51,087	199,513
Capital Outlay	19,993	0	56,987	76,980
<i>Debt Service:</i>				
Principal Retirement	24,706	0	220,000	244,706
Interest and Fiscal Charges	3,067	0	29,102	32,169
<i>Total Expenditures</i>	<u>8,975,819</u>	<u>460,329</u>	<u>1,770,353</u>	<u>11,206,501</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,066,544</u>	<u>(66,056)</u>	<u>(350,096)</u>	<u>1,650,392</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	577,749	577,749
Transfers Out	(577,749)	0	0	(577,749)
<i>Total Other Financing Sources (Uses)</i>	<u>(577,749)</u>	<u>0</u>	<u>577,749</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,488,795	(66,056)	227,653	1,650,392
<i>Fund Balances at Beginning of Year</i>	3,354,201	(49,579)	388,757	3,693,379
<i>Fund Balances at End of Year</i>	<u>\$4,842,996</u>	<u>(\$115,635)</u>	<u>\$616,410</u>	<u>\$5,343,771</u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016*

Net Change in Fund Balances - Total Governmental Funds	\$1,650,392
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(513,197)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of	
Property taxes	53,047
Intergovernmental	253,585
Total revenues not reported in the funds	306,632
Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	244,706
In the statement of activities, interest is accrued on outstanding bonds and bond accretion is amortized over the term of the bonds, whereas in governmental funds, and interest expenditure is reported when due:	
Interest on bonds	7,229
Accretion on bonds	(15,226)
Total expenses not reported in the funds	(7,997)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Compensated absences	129,374
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	761,392
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(692,289)
<i>Change in Net Position of Governmental Activities</i>	\$1,879,013

See accompanying notes to the basic financial statements

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$739,616	\$768,678	\$768,678	\$0
Intergovernmental	8,213,490	9,625,281	9,625,281	0
Interest	5,000	9,376	12,088	2,712
Tuition and Fees	695,500	677,542	677,542	0
Rent	0	490	490	0
Extracurricular Activities	0	3,879	3,879	0
Contributions and Donations	0	2,750	2,750	0
Payment in Lieu of Taxes	0	3,923	3,923	0
Miscellaneous	22,000	42,816	45,566	2,750
<i>Total Revenues</i>	9,675,606	11,134,735	11,140,197	5,462
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,071,892	4,128,741	4,086,658	42,083
Special	1,196,620	1,412,543	1,411,575	968
Vocational	5,000	19,422	19,422	0
Student Intervention Services	15,000	45,338	41,488	3,850
Other	95,000	104,814	68,188	36,626
<i>Support Services:</i>				
Pupils	374,366	360,119	358,231	1,888
Instructional Staff	146,442	140,154	139,860	294
Board of Education	166,093	122,203	114,122	8,081
Administration	923,940	775,096	755,851	19,245
Fiscal	214,002	185,116	178,579	6,537
Operation and Maintenance of Plant	1,041,753	1,069,851	1,033,746	36,105
Pupil Transportation	864,091	618,529	569,139	49,390
Central	87,049	91,813	91,608	205
Extracurricular Activities	116,347	117,882	117,882	0
Capital Outlay	34,838	39,097	34,009	5,088
<i>Debt Service:</i>				
Principal	16,991	16,991	16,991	0
Interest	2,498	2,498	2,498	0
<i>Total Expenditures</i>	9,371,922	9,250,207	9,039,847	210,360
<i>Excess of Revenues Over (Under) Expenditures</i>	303,684	1,884,528	2,100,350	215,822
<u>Other Financing Sources (Uses):</u>				
Advances In	0	15,368	15,368	0
Proceeds from the Sale of Capital Assets	6,000	0	0	0
Transfers Out	(70,000)	(585,000)	(577,749)	7,251
<i>Total Other Financing Sources (Uses)</i>	(64,000)	(569,632)	(562,381)	7,251
<i>Net Change in Fund Balances</i>	239,684	1,314,896	1,537,969	223,073
<i>Fund Balance at Beginning of Year</i>	4,007,111	4,007,111	4,007,111	0
Prior Year Encumbrances Appropriated	118,662	118,662	118,662	0
<i>Fund Balance at End of Year</i>	\$4,365,457	\$5,440,669	\$5,663,742	\$223,073

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title I Fund
For the Fiscal Year Ended June 30, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$71,016	\$669,791	\$394,438	(\$275,353)
<i>Total Revenues</i>	<u>71,016</u>	<u>669,791</u>	<u>394,438</u>	<u>(275,353)</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	34,407	34,407	34,407	0
Special	591,945	591,945	336,158	255,787
Student Intervention Services	0	0	48,583	(48,583)
<i>Support Services:</i>				
Instructional Staff	70,444	70,444	56,023	14,421
Administration	12,094	12,094	5,594	6,500
Community Services	7,800	7,800	0	7,800
<i>Total Expenditures</i>	<u>716,690</u>	<u>716,690</u>	<u>480,765</u>	<u>235,925</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(645,674)</u>	<u>(46,899)</u>	<u>(86,327)</u>	<u>(39,428)</u>
<i>Net Change in Fund Balances</i>	(645,674)	(46,899)	(86,327)	(39,428)
<i>Fund Balance at Beginning of Year</i>	<u>12,492</u>	<u>12,492</u>	<u>12,492</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>(\$633,182)</u>	<u>(\$34,407)</u>	<u>(\$73,835)</u>	<u>(\$39,428)</u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	<u>\$44,112</u>	<u>\$21,925</u>
<i>Total Assets</i>	<u><u>\$44,112</u></u>	<u><u>\$21,925</u></u>
<u>Liabilities:</u>		
<i>Current Liabilities:</i>		
Undistributed Monies		<u>\$21,925</u>
<i>Total Liabilities</i>		<u><u>\$21,925</u></u>
<u>Net Position:</u>		
Held in Trust for Scholarships	<u>\$44,112</u>	
<i>Total Net Position</i>	<u><u>\$44,112</u></u>	

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust
<u>Additions:</u>	
Gifts and Donations	\$5,000
Interest	629
	5,629
<u>Deductions:</u>	
Payment in Accordance with Trust Agreement	2,149
	3,480
<i>Change in Net Position</i>	3,480
<i>Net Position at Beginning of Year</i>	40,632
	40,632
<i>Net Position at End of Year</i>	\$44,112
	\$44,112

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

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

The District serves an area of approximately 39 square miles. It is located in Athens County. It is staffed by 48 non-certificated employees, 65 certificated full-time teaching personnel, and 10 administrative employees who provide services to 862 students and other community members. The District currently operates three instructional buildings, a bus garage, and an athletic complex.

Reporting Entity

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

TRIMBLE LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

The following are the District's major governmental funds:

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

Title I Fund- This fund is to provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds include a private purpose trust fund that accounts for a trust held for scholarships and an agency fund which is used to account for student managed activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

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

D. Basis of Accounting

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

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year-end: property taxes available for advance, accounts receivable, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension are explained in Note 11.

In addition to the liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

During the fiscal year 2016, the District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio). Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investments could be sold for on June 30, 2016.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2016 amounted to \$12,088, which includes \$1,522 assigned from other District funds.

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

F. Inventory

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

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, 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.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

H. Capital Assets

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

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

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

K. Pensions

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

L. Accrued Liabilities and Long-Term Liabilities

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

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

M. Net Position

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

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

N. Fund Balance Classifications

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

O. Interfund Transactions

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

P. Estimates

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

TRIMBLE LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

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

Q. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2016.

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

NOTE 3 - NEW GASB PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION

For fiscal year 2016, the District implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 38", and GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Government." The implementation of GASB Statements Nos. 72, 73 and 76 had no effect on the prior period fund balances of the District.

During fiscal year 2016, the District contracted with a valuation company to tag and value all capital assets owned by the District. The District also adopted a new policy which increased their capital assets threshold from \$500 to \$2,000. These actions resulted in a prior period adjustment to the June 30, 2015 net position.

Net Position June 30, 2015	\$2,363,006
<i>Adjustments:</i>	
Increase in Threshold for Capital Assets	<u>(655,263)</u>
Restated Net Position June 30, 2015	<u><u>\$1,707,743</u></u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>	<u>Title I Fund</u>
Budget Basis	\$1,537,969	(\$86,327)
<i>Adjustments:</i>		
Revenue Accruals	(144,460)	(165)
Expenditure Accruals	(38,482)	(13,971)
Encumbrances	102,510	34,407
Other Sources	(15,368)	0
<i>Prospective Difference:</i>		
Activity of Funds Reclassified For		
GAAP Reporting Purposes	<u>46,626</u>	<u>0</u>
GAAP Basis	<u>\$1,488,795</u>	<u>(\$66,056)</u>

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 5 -ACCOUNTABILITY

Fund balances at June 30, 2016 included the following individual fund deficits:

Title I	\$115,635
<i>Nonmajor Special Revenue Funds:</i>	
Lunchroom	45,008
Title VI-B	29,352
School Improvement Grant	3,190
Preschool Handicapped Grant	1,406
Title II A	9,920
Miscellaneous Federal Grants	69,437

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

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio or Ohio local governments;
- (5) Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
- (6) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (7) The State Treasurer's investment pool (STAR Ohio);
- (8) Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and

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

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

As of June 30, 2016, the District's bank balance of \$6,583,506 was either covered by the FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

Investments

As of June 30, 2016, the District had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>
STAR Ohio	\$2,802,790	\$2,802,790

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

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

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

For fiscal year 2016, Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," was effective. These GASB pronouncements had no effect on beginning net position. Accordingly, the District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2016. All of the District's investments are valued using pricing sources as provided by the investments managers (Level 2 inputs)

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 7 - PROPERTY TAXES

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

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

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by Athens County by June 30, 2016 are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2016. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2016 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amounts available as an advance at June 30, 2016 were \$32,715 for the General Fund, \$478 for the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, \$2,410 for the Bond Retirement Nonmajor Debt Service Fund and \$7,791 Permanent Improvement Nonmajor Capital Project Fund.

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second - Half Collections		2016 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$37,973,210	91.56%	\$39,252,640	91.73%
Public Utility Personal	3,501,780	8.44%	3,536,820	8.27%
Total Assessed Value	<u>\$41,474,990</u>	<u>100.00%</u>	<u>\$42,789,460</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation	\$34.34		\$34.34	

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 8 – RECEIVABLES

Receivables at June 30, 2016, consisted of property taxes, intergovernmental grants, accounts (student fees) and interfund. The District believes that all receivables are considered fully collectible within one year due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General	\$26,855
Title I	234,845
<i>Nonmajor Special Revenue Funds:</i>	
Title VI-B	73,765
School Improvement Grant	93,040
Preschool Handicapped Grant	2,815
Title II-A	32,848
Miscellaneous Federal Grants	<u>9,675</u>
Total Intergovernmental Receivables	<u><u>\$473,843</u></u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 9 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2016 was as follows:

	Restated Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
<i>Nondepreciable Capital Assets:</i>				
Land	\$55,370	\$0	\$0	\$55,370
Total Nondepreciable Capital Assets	55,370	0	0	55,370
<i>Depreciable Capital Assets:</i>				
Land Improvements	789,357	0	0	789,357
Buildings and Improvements	21,518,230	0	0	21,518,230
Furniture, Fixtures and Equipment	1,288,996	33,049	0	1,322,045
Vehicles	881,975	186,512	0	1,068,487
Total Depreciable Capital Assets	24,478,558	219,561	0	24,698,119
Total Capital Assets	24,533,928	219,561	0	24,753,489
<i>Accumulated Depreciation:</i>				
Land Improvements	(601,755)	(28,392)	0	(630,147)
Buildings and Improvements	(10,224,645)	(508,728)	0	(10,733,373)
Furniture, Fixtures and Equipment	(732,263)	(122,375)	0	(854,638)
Vehicles	(515,945)	(73,263)	0	(589,208)
Total Accumulated Depreciation	(12,074,608)	(732,758)	0	(12,807,366)
Total Net Capital Assets	\$12,459,320	(\$513,197)	\$0	\$11,946,123

TRIMBLE LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$286,982
Special	127,490
<i>Support Services:</i>	
Pupils	20,598
Instructional Staff	13,949
Administration	47,229
Fiscal	10,400
Operation and Maintenance of Plant	24,300
Pupil Transportation	73,780
Central	884
<i>Operation of Non-Instructional Services:</i>	
Food Service	80,127
Extracurricular Activities	<u>47,019</u>
Total Depreciation Expense	<u><u>\$732,758</u></u>

NOTE 10 - RISK MANAGEMENT

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 10 - RISK MANAGEMENT - (Continued)

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

<u>Property</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
General Liability:		
Each Occurrence	Nil	\$4,000,000
Aggregate Limit		\$6,000,000
Educator's Legal Liability	\$2,500	4,000,000/6,000,000
Employment Practices	2,500	4,000,000/6,000,000
Fiduciary Liability Employment Benefits Liability	2,500	4,000,000/6,000,000
Employers Liability	Nil	4,000,000
Property District Values by Statement	1,000	34,842,229
Boiler and Machinery	1,000	34,842,229
Crime – Money and Securities	1,000	25,000
Crime – Employee Theft	1,000	50,000
Fleet		4,000,000
Physical Damage	1,000	

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2015.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$252,480 for fiscal year 2016.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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, 2016, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 65 with five years of qualifying service credit, or age 55 with 25 years of service, or 31 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2017, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 65 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$508,912 for fiscal year 2016. Of this amount \$81,708 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,825,773	\$10,316,486	\$13,142,259
Proportion of the Net Pension Liability	0.04952200%	0.03732843%	
Pension Expense	\$252,538	\$439,751	\$692,289

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$44,552	\$471,885	\$516,437
Changes in proportion and differences between District Contributions and Proportionate share of Contributions	130,284	0	130,284
District contributions subsequent to the measurement date	<u>252,480</u>	<u>508,912</u>	<u>761,392</u>
Total Deferred Outflows of Resources	<u>\$427,316</u>	<u>\$980,797</u>	<u>\$1,408,113</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$75,490	\$772,390	\$847,880
Changes in proportion and differences between District Contributions and Proportionate share of Contributions	<u>0</u>	<u>206,293</u>	<u>206,293</u>
Total Deferred Inflows of Resources	<u>\$75,490</u>	<u>\$978,683</u>	<u>\$1,054,173</u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$761,392 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	\$13,348	(\$228,626)	(\$215,278)
2018	13,348	(228,626)	(215,278)
2019	13,149	(228,626)	(215,477)
2020	<u>59,501</u>	<u>179,080</u>	<u>238,581</u>
Total	<u>\$99,346</u>	<u>(\$506,798)</u>	<u>(\$407,452)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

Discount Rate -The total pension liability was calculated using the discount rate of 7.75 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 (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 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 (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$3,918,332	\$2,825,773	\$1,905,749

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	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 paid on fifth anniversary of retirement date.

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 not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$14,330,378	\$10,316,486	\$6,922,142

NOTE 12 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2016, the health care allocation is 0 percent. An addition health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. 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 2016, the minimum compensation level was established at \$23,000. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$24,799, \$15,898 and \$2,415, respectively.

The SERS Retirement Board establishes 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.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

The financial reports of SERS' Health Care plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement System

Plan Description – State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of: a Defined Benefits Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefits Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. 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. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0 and \$37,957 respectively.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

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

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

Insurance Benefits

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

The Board of Education covers 87.50 percent of family coverage premiums and 91.75 percent of single coverage premiums of certified employees enrolled in PPO Plan 2. The Board's month contribution for family and single premium coverage is \$1,601 and \$628 respectively for certified employees.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 13 - EMPLOYEE BENEFITS - (Continued)

The Board of Education covers 92.00 percent of family coverage premiums and 97.00 percent of single coverage premiums of classified employees enrolled in PPO Plan 2. The Boards monthly contribution for family and single premium coverage is \$1,684 and \$664 respectively for classified employees.

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

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

Dental coverage is provided through CoreSource. Monthly premiums remained \$49.55 for all employees in fiscal year 2016.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2016 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at June 30, 2015	Additions	Deductions	Principal Outstanding at June 30, 2016	Amount Due In One Year
<i>Governmental Activities:</i>							
Bond Refinancing Issue	2006	4.09%	\$370,000	\$0	\$0	\$370,000	\$0
Bond Refinancing	2006		35,000	0	19,363	15,637	15,637
Bond Refinancing Issue -							
Capital Appreciation Bonds			61,128	15,226	40,637	35,717	0
Roofing Project Note			815,000	0	160,000	655,000	160,000
Department of Administrative							
Services Loan			254,022	0	16,991	237,031	17,162
Total General Obligation Bonds			<u>1,535,150</u>	<u>15,226</u>	<u>236,991</u>	<u>1,313,385</u>	<u>192,799</u>
Net Pension Liability:							
STRS		N/A	9,298,954	1,017,532	0	10,316,486	0
SERS		N/A	<u>2,357,286</u>	<u>468,487</u>	<u>0</u>	<u>2,825,773</u>	<u>0</u>
Total Net Pension Liability			<u>11,656,240</u>	<u>1,486,019</u>	<u>0</u>	<u>13,142,259</u>	<u>0</u>
Capital Leases Payable			17,143	0	7,715	9,428	8,055
Compensated Absences Payable		N/A	<u>493,836</u>	<u>182,167</u>	<u>311,541</u>	<u>364,462</u>	<u>68,288</u>
Total Governmental Activities Long-Term Obligations			<u>\$13,702,369</u>	<u>\$1,683,412</u>	<u>\$556,247</u>	<u>\$14,829,534</u>	<u>\$269,142</u>

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

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The capital appreciation bonds mature in fiscal years 2016 and 2017. The maturity amount of the capital appreciation bonds is \$115,000. For fiscal year 2016, the capital appreciation bonds accreted \$15,226.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District’s voted legal debt margin was \$2,573,383 with an unvoted debt margin of \$42,789 at June 30, 2016.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Energy Loan		Roofing Project Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$15,637	\$15,725	\$17,162	\$1,746	\$160,000	\$10,465	\$192,799	\$27,936
2018	55,000	14,557	17,334	1,617	160,000	7,553	232,334	23,727
2019	60,000	12,113	17,508	1,486	165,000	4,595	242,508	18,194
2020	60,000	9,562	17,683	1,355	170,000	1,547	247,683	12,464
2021	60,000	7,013	17,860	1,222	0	0	77,860	8,235
2022-2026	135,000	5,843	92,025	4,067	0	0	227,025	9,910
2027-2029	0	0	57,459	733	0	0	57,459	733
Total	<u>\$385,637</u>	<u>\$64,813</u>	<u>\$237,031</u>	<u>\$12,226</u>	<u>\$655,000</u>	<u>\$24,160</u>	<u>\$1,277,668</u>	<u>\$101,199</u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 15- CAPITAL LEASES - LESSEE DISCLOSURE

In 2012, the District has entered into lease agreements for copiers. These lease obligations meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 62, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments in fiscal year 2016 totaled \$7,715 in the governmental funds.

The equipment has been capitalized in the amount of \$37,260, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of June 30, 2016, was \$14,905, leaving a remaining book value of \$22,355.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2016:

<u>Fiscal Year Ending June 30</u>	<u>General Long-Term Obligations</u>
2017	\$8,285
2018	1,381
Total Future Minimum Lease Payments	9,666
Less: Amount Representing Interest	(238)
Present Value of Net Minimum Lease Payments	<u>\$9,428</u>

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2016, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$62,984	\$0
Title I Fund	0	39,428
<i>Nonmajor Special Revenue Funds:</i>		
Title VI-B	0	14,268
School Improvement Grant	0	2,625
Preschool Handicapped Grant	0	703
Title II A	0	4,807
Miscellaneous Federal Grants	0	1,153
Total Nonmajor Special Revenue Funds	<u>0</u>	<u>23,556</u>
Total	<u>\$62,984</u>	<u>\$62,984</u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 16 - INTERFUND ACTIVITY - (Continued)

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of \$62,984 due to the General Fund from the funds listed is a result of advances made to these funds by the General Fund, which were not repaid as of June 30, 2016.

<u>Transfers From</u>	<u>Transfers To</u>		
	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Fund</u>	<u>Total</u>
General	<u>\$77,749</u>	<u>\$500,000</u>	<u>\$577,749</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of \$577,749 is the result of transfers from the General Fund to the finance various programs accounted for in other funds in accordance with budgetary authorizations.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 17- FUND BALANCES

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

	General	Title I	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>				
Inventory	\$0	\$0	\$3,027	\$3,027
Unclaimed Monies	10,014	0	0	10,014
<i>Total Nonspendable</i>	10,014	0	3,027	13,041
<i>Restricted:</i>				
<i>Special Revenues:</i>				
Scholarship	0	0	4,564	4,564
Facilities Maintenance	0	0	117,064	117,064
Athletics	0	0	37,162	37,162
Local Grants	0	0	109,975	109,975
State Grants	0	0	1,503	1,503
Debt Service	0	0	174,421	174,421
Capital Projects	0	0	330,034	330,034
<i>Total Restricted</i>	0	0	774,723	774,723
<i>Assigned:</i>				
<i>Encumbrances:</i>				
Regular Instruction	780	0	0	780
Special Instruction	44,960	0	0	44,960
Pupils	30,986	0	0	30,986
Instructional Staff	280	0	0	280
Board of Education	766	0	0	766
Administration	18,632	0	0	18,632
Operation and Maintenance of Plant	4,035	0	0	4,035
Pupil Transportation	100	0	0	100
Central	86	0	0	86
Capital Outlay	1,885	0	0	1,885
Public School Support	305	0	0	305
Principal Funds	45,962	0	0	45,962
Library Automation	359	0	0	359
<i>Total Assigned</i>	149,136	0	0	149,136
<i>Unassigned</i>	4,683,846	(115,635)	(161,340)	4,406,871
Total Fund Balances	\$4,842,996	(\$115,635)	\$616,410	\$5,343,771

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 18 - STATUTORY SET-ASIDES

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

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2016:

	<u>Capital Improvements</u>
Set-Aside Balance as of July 1, 2015	\$0
Current Year Set-Aside Requirement	150,153
Qualifying Disbursements	<u>(150,153)</u>
Total	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2016	<u><u>\$0</u></u>

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

NOTE 19- ENCUMBRANCE COMMITMENTS

At June 30, 2016, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$102,510
Title I	34,407
 <u>Nonmajor Funds</u>	
Permanent Improvement	52,448
School Improvement Grant	5,373
Miscellaneous Federal Grants	<u>84,257</u>
<i>Total Nonmajor Funds</i>	<u>142,078</u>
 Total Encumbrances	 <u><u>\$278,995</u></u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

Meta Solutions

On January 1, 2016, the Southeast Ohio Voluntary Education Cooperative (SEOVEC), and three other Information Technology Centers around the State of Ohio, merged with Meta Solutions. Meta Solutions is a jointly governed organization as a regional council of governments pursuant to State statutes. Meta Solutions develops, implements, and supports the technology and instructional needs of member districts including financial accounting services, educational management information services, and cooperative purchasing services. Meta Solutions membership consists of 152 public schools, 11 educational service centers, 15 career technology centers, and more than 200 non-public chartered schools. Non-public charter schools are not members but receive services based on contractual agreements and are not eligible for seats on the board of directors. Each member district pays an annual fee for services provided by Meta Solutions. Meta Solutions is governed by an 11-member board of directors made up of Superintendents and School Business Officials selected from the 178 member public school districts. The board of directors controls the budget and finances of Meta Solutions. The continued existence of META Solutions is not dependent on the District's continued participation and no equity interest exists. Financial statements for SEOVEC through December 31, 2015 and for META Solutions can be obtained from the META Solutions office, 2100 Citygate Drive, Columbus, Ohio 43219. The District made payments of \$74,703 to SEOVEC prior to the merger. The payments covered the entire fiscal-year 2016. Future payments will be made to META Solutions.

Tri - County Career Center

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

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services 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 Council is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or a financial responsibility for the Council. The District did not pay the Coalition for services in fiscal year 2016.

NOTE 21- INSURANCE PURCHASING AND CLAIMS SERVICING POOLS

Sheakley Worker's Compensation Group Rating Program

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 21 - INSURANCE PURCHASING AND CLAIMS SERVICING POOLS - (Continued)

Athens County School Employee Health and Welfare Benefit Association

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

NOTE 22 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2016, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

C. School Foundation

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 and June 30, 2016 Foundation funding for the District; therefore, the final financial statement impact is not determinable at this time. As of June 30, 2016, the District has recorded a receivable of \$26,855 for fiscal year 2015 and a payable of \$6,215 for fiscal year 2016.

TRIMBLE LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Three Fiscal Years (1)

	2015	2014	2013
<u>School Employees Retirement System of Ohio</u>			
District's Proportion of the Net Pension Liability	0.0495220%	0.0465780%	0.0465780%
District's Proportionate Share of the Net Pension Liability	\$2,825,773	\$2,357,286	\$2,769,844
District's Covered-Employee Payroll	\$1,865,918	\$1,345,318	\$1,348,661
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	151.44%	175.22%	205.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%
<u>State Teachers Retirement System of Ohio</u>			
District's Proportion of the Net Pension Liability	0.03732843%	0.3823040%	0.3823040%
District's Proportionate Share of the Net Pension Liability	\$10,316,486	\$9,298,954	\$11,076,856
District's Covered-Employee Payroll	\$3,901,714	\$3,950,953	\$4,002,285
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	264.41%	235.36%	276.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

TRIMBLE LOCAL SCHOOL DISTRICT
Schedule of the District Contributions
Last Four Fiscal Years (1)

	2016	2015	2014	2013
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions	\$252,480	\$245,928	\$186,461	\$186,655
Contributions in Relation to the Contractually Required Contributions	<u>(252,480)</u>	<u>(245,928)</u>	<u>(186,461)</u>	<u>(186,655)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$1,803,429	\$1,865,918	\$1,345,318	\$1,348,661
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%
<u>State Teachers Retirement System of Ohio</u>				
Contractually Required Contributions	\$508,912	\$546,240	\$513,624	\$520,297
Contributions in Relation to the Contractually Required Contributions	<u>(508,912)</u>	<u>(546,240)</u>	<u>(513,624)</u>	<u>(520,297)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$3,635,086	\$3,901,714	\$3,950,953	\$4,002,285
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available.

TRIMBLE LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2016

Federal Grantor / Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Pass Through Amount	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>							
<i>Passed Through Ohio Department of Education:</i>							
<i>Nutrition Cluster:</i>							
School Breakfast Program	2015/2016	10.553	\$0	\$159,301	0	\$159,301	\$0
National School Lunch Program	2015/2016	10.555	0	321,853	28,288	321,853	28,288
Total Nutrition Cluster			0	481,154	28,288	481,154	28,288
Total U.S. Department of Agriculture			0	481,154	28,288	481,154	28,288
<u>U.S. Department of Education</u>							
<i>Passed Through Ohio Department of Education:</i>							
<i>Title I Cluster:</i>							
Title I Grants to Local Educational Agencies	2015	84.010	0	43,622	0	64,517	0
Title I Grants to Local Educational Agencies	2016	84.010	0	371,641	0	413,694	0
Total Title I Cluster			0	415,263	0	478,211	0
<i>Special Education Cluster:</i>							
Special Education - Grants to States (IDEA Part B)	2015	84.027	0	45,482	0	46,095	0
Special Education - Grants to States (IDEA Part B)	2016	84.027	0	128,725	0	142,993	0
Special Education - Preschool Grants	2015	84.173	0	6	0	191	0
Special Education - Preschool Grants	2016	84.173	0	6,327	0	7,030	0
Total Special Education Cluster			0	180,540	0	196,309	0
Twenty-First Century Community Learning Centers	2016	84.287	0	195,142	0	195,142	0
Total Twenty-First Century Community Learning Centers			0	195,142	0	195,142	0
Rural Education	2015	84.358	0	739	0	1,119	0
Rural Education	2016	84.358	0	9,806	0	10,960	0
Total Rural Education			0	10,545	0	12,079	0
Improving Teacher Quality	2015	84.367	0	2,953	0	2,953	0
Improving Teacher Quality	2016	84.367	0	43,262	0	48,069	0
Total Improving Teacher Quality			0	46,215	0	51,022	0
Total U.S. Department of Education			0	847,705	0	932,763	0
Total Federal Financial Assistance			\$0	\$1,328,859	\$28,288	\$1,413,917	\$28,288

The accompanying notes to the Schedule of Federal Awards Revenues and Expenditures are an integral part of the Schedule.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Trimble Local School District's (the School District) under programs of the federal government for the fiscal year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements for 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, changes in net assets, or cash flows of the School District.

NOTE B - 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE C - 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 D – FOOD DONATION PROGRAM

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

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Education
Trimble Local School District
One Tomcat Drive
Glouster, OH 45732

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Trimble Local School District (the School District), Athens County, as of and for the year ended June 30, 2016, 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 December 1, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of supporting our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Education
Trimble Local School District
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based Required by
Government Auditing Standards

Compliance and Other Matters

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

Purpose of this Report

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 1, 2016

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program
and on Internal Control over Compliance Required by Uniform Guidance**

Board of Education
Trimble Local School District
One Tomcat Drive
Glouster, OH 45732

Report on Compliance for Each Major Federal Program

We have audited the Trimble Local School District (the School District), Athens County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that could directly and materially affect the School District's major federal programs for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal programs 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 requirements of the 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 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 that our audit provides a reasonable basis for our opinion on compliance for the School District's major federal programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material aspects, with the compliance requirements referred to above that could directly and materially affect its major federal programs identified in the *Summary of Auditor's Results* in the accompanying schedule of findings for the year ended June 30, 2016.

Trimble Local School District
Independent Auditor's Report on Compliance with Requirements Applicable
For Each Major Program and Report on Internal Control over Compliance
Required by Uniform Guidance

Report on Internal Control over Compliance

Management of Trimble Local School District is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the applicable requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with an applicable compliance requirement of a federal program on a timely basis. *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's compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with an applicable compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be a material weakness or significant deficiency. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 1, 2016, except for testing of the Twenty-First Century Community Learning Centers federal program described in the Schedule of Findings for which is dated March 9, 2017.

TRIMBLE LOCAL SCHOOL DISTRICT

Schedule of Findings

For the Fiscal Year Ended June 30, 2016

A. SUMMARY OF AUDITOR'S RESULTS

1.	<i>Type of Financial Statement Opinion</i>	Unmodified
2.	<i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
3.	<i>Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</i>	No
4.	<i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
5.	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
6.	<i>Were there any other significant internal control deficiency reported for major federal programs?</i>	No
7.	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
8.	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
9.	<i>Major Programs (list):</i>	CFDA # 10.553/10.555 Nutrition Cluster CFDA # 84.287 Twenty-First Century Community Learning Centers
10.	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: All Other Programs
11.	<i>Low Risk Auditee under 2 CFR §200.520?</i>	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

C. FINDINGS FOR FEDERAL AWARDS

There were no findings related to Federal Awards to be reported.



Dave Yost • Auditor of State

TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 28, 2017