JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Dave Yost • Auditor of State

JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomingdale, Ohio 43910

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Joint Vocational School District, Jefferson County, Ohio (the District), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Joint Vocational School District, Jefferson County, Ohio, as of June 30, 2017 and 2016, and the respective changes in financial position and its cash flows thereof and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2018

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The discussion and analysis of the Jefferson County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2017 are as follows:

- In total, net position increased $34,863.

- General revenues accounted for $5,856,324, in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for $918,184 or 14 percent of total revenues of $6,774,508.

- Total assets of governmental activities increased $204,663. Current assets increased by $428,068 due primarily to increased equity in pooled cash and cash equivalents and property taxes receivables. Total liabilities increased $1,040,581, primarily due to an increase in the School District's net pension liability.

- The School District had $6,739,645 in expenses related to governmental activities. Only $918,184 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues of $5,856,324 were adequate to provide for these programs.

- Total governmental funds had $6,774,923 in revenues and $5,999,472 in expenditures. The net change in governmental fund balances, including other financing sources (uses) was an increase of $775,451.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund.

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2017 compared to 2016.

Table 1
Net Position
Governmental Activities

	2017	2016	Change
Assets			
Current and Other Assets	$5,875,856	$5,447,788	$428,068
Capital Assets	3,910,849	4,134,254	(223,405)
Total Assets	9,786,705	9,582,042	204,663
Deferred Outflow of Resourses			
Pension	1,316,433	589,018	727,415
Liabilities			
Current and Other Liabilities	687,905	924,236	(236,331)
Long-Term Liabilities:			
Due Within One Year	100,902	100,815	87
Due in More Than One Year:			
Net Pension Liability	7,373,744	6,009,434	1,364,310
Other Amounts	818,824	906,309	(87,485)
Total Liabilities	8,981,375	7,940,794	1,040,581
Deferred Inflows of Resources			
Property Taxes	2,902,019	2,623,690	278,329
Pension	73,117	494,812	(421,695)
Total Deferred Inflows of Resources	2,975,136	3,118,502	(143,366)
Net Position (Deficit)			
Net Investment in Capital Assets	3,299,206	3,088,850	210,356
Restricted	212,048	512,717	(300,669)
Unrestricted	(4,364,627)	(4,489,803)	125,176
Total Net Position (Deficit)	($853,373)	($888,236)	$34,863

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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 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 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the School 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 obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the 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 to the employee, because all parties enter the employment exchange with notice as to the 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 liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the School 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.

Total assets of governmental activities increased $204,663. Current assets increased by $428,068 due primarily to increases in cash and cash equivalents and property taxes receivable. The increase in property taxes receivable is due to an increase in public utility personal property taxes related to the construction of a gas transmission line. Capital assets decreased $223,405 due primarily to additions and deletions being offset by current year depreciation.

Total liabilities increased $1,040,581. Long-term liabilities increased $1,276,912 primarily due to a significant increase in net pension liability. Current and other liabilities decreased $236,331 primarily due to a decrease in contracts and retainage payable for the Phase III, Part I, roof project which was completed during fiscal year 2017.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2017 and 2016.

Table 2
Changes in Net Position
Governmental Activities

	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services and Sales	$201,780	$259,008	($57,228)
Operating Grants and Contributions	716,404	674,696	41,708
Total Program Revenues	918,184	933,704	(15,520)
General Revenues			
Property Taxes	3,168,953	2,880,805	288,148
Grants and Entitlements not Restricted to Specific Programs	2,539,812	2,528,640	11,172
Gifts and Donations	0	0	0
Investments	9,904	12,844	(2,940)
Gas and Oil Lease Bonus	118,846	0	118,846
Other	18,809	22,296	(3,487)
Total General Revenues	5,856,324	5,444,585	411,739
Total Revenues	6,774,508	6,378,289	396,219
Program Expenses			
Instruction			
Regular	261,794	240,431	21,363
Special	367,803	299,353	68,450
Vocational	3,270,925	2,658,535	612,390
Adult/Continuing	10,975	8,090	2,885
Student Intervention Services	111,105	88,480	22,625
Support Services:			
Pupil	259,664	235,063	24,601
Instructional Staff	310,551	291,653	18,898
Board of Education	74,531	69,601	4,930
Administration	281,904	244,926	36,978
Fiscal	320,210	303,676	16,534
Business	0	0	0
Operation and Maintenance of Plant	1,149,108	971,118	177,990
Central	87,008	24,483	62,525
Operation of Non-Instructional Services	5,320	0	5,320
Food Service Operations	215,155	193,925	21,230
Interest and Fiscal Charges	13,592	15,089	(1,497)
Total Expenses	6,739,645	5,644,423	1,095,222
Change in Net Position	34,863	733,866	(699,003)
Net Position (Deficit) Beginning of Year	(888,236)	(1,622,102)	733,866
Net Position (Deficit) End of Year	($853,373)	($888,236)	$34,863

In 2017, 47 percent of the School District's revenues were from property taxes and 37 percent were from unrestricted grants and entitlements. Overall, program revenues decreased slightly, primarily due to a decrease in charges for services and sales as a result of decreases in tuition and fees for open enrollment. The decreases were offset by an increase in operating grants and contributions.

Instructional programs comprise approximately 60 percent of total governmental program expenses, which is an increase of $727,713 from fiscal year 2016. Overall, program expenses of the School District increased by $1,095,222, most noticeably in vocational instruction due to an increase in the pension liability.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2017 and 2016. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		**Net Cost of Services**	
	2017	**2016**	**2017**	**2016**
Instruction				
Regular	$261,794	$240,431	$240,735	$220,644
Special	367,803	299,353	325,905	256,481
Vocational	3,270,925	2,658,535	2,645,428	2,012,654
Adult/Continuing	10,975	8,090	10,975	8,090
Student Intervention Services	111,105	88,480	111,105	88,480
Support Services:				
Pupil	259,664	235,063	246,411	221,871
Instructional Staff	310,551	291,653	309,407	288,052
Board of Education	74,531	69,601	74,531	69,601
Administration	281,904	244,926	281,904	244,926
Fiscal	320,210	303,676	319,743	303,572
Operation and Maintenance of Plant	1,149,108	971,118	1,132,512	961,707
Central	87,008	24,483	72,449	11,899
Operation of Non-Instructional Services	5,320	0	5,320	0
Food Service Operations	215,155	193,925	31,444	7,653
Interest and Fiscal Charges	13,592	15,089	13,592	15,089
Total Expenses	$6,739,645	$5,644,423	$5,821,461	$4,710,719

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 86 percent of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Permanent Improvement Capital Projects fund. The General Fund had $5,859,467 in revenues and $5,087,399 in expenditures, and the Permanent Improvement Fund had $532,157 in revenues and $432,090 in expenditures. Overall, including other financing uses, the General Fund's balance increased $688,712, and the Permanent Improvement Fund's balance increased $100,067.

General Fund Budgeting Highlights

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

During the course of fiscal 2017 the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The changes between the original and final appropriations reflect decreases in almost all expenditure line-items. The changes between original and final estimated revenues reflect an increase in property taxes and intergovernmental revenues.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had $3,910,849 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles.

See Note 9 for more detailed information of the School District's capital assets.

Table 4
Capital Assets Net of Depreciation

	Government Activities	
	2017	2016
Land	$87,522	$88,229
Construction in Progress	0	364,430
Land Improvements	67,100	76,723
Buildings and Improvements	3,316,676	3,142,479
Furniture and Equipment	408,997	429,182
Vehicles	30,554	33,211
Totals	$3,910,849	$4,134,254

Debt

At June 30, 2017, the School District had $611,643 in bonds outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2017	2016
2010 Energy Conservation Qualified School Construction Serial Bonds	$611,643	$680,974

See Note 14 for more detailed information on the School District's long-term obligations, including compensated absences and net pension liability.

Economic Factors

Breezewood Manor Subdivision:

The Breezewood Manor Subdivision project was fully implemented by 2003. Seven parcels of land were subdivided and declared no longer needed for any School District purpose and authorized for sale at public auction in accordance with the provisions of O.R.C. 3313.41.

The development of the subdivision included costs for the excavation and building of a road to meet specifications for the township to assume responsibility for future upkeep and care, installing county water and sewer lines, as well as providing electrical service that met all development requirements established by the Planning Commission was approximately $365,000.

As part of the carpentry program, homes are to be constructed on the seven parcels of land and then sold at auction. All of the homes have been constructed and auctioned for a small profit. The auction of house seven (final house) did not meet the minimum bid requirements of the Board of Education. This house was sold on the market for $170,000.

HB 264 Energy Conservation Project:

In prior years, the Board of Education completed building improvements in conjunction with a House Bill 264 project. As part of the project, the School District received approval from the Ohio Department of Education to participate in the State Credit Enhancement Program, created under Ohio Revised Code Section 3317.18 for $1,078,690 of Qualified School Construction Bonds. These Energy Conservation Notes, Series 2010 have a fifteen year pay back schedule with a coupon rate of 2.170 percent. The project benefits, as estimated by Johnson Controls Inc., are expected to be $1,278,660 at the end of the fifteen year period and the total principal and interest payments are estimated to be $1,261,621 at the end of the fifteen year period.

Modular Home Sales:

The Board of Education determined the continuation of the Breezewood Subdivision was not feasible due to land and cost restraints. It was determined that the Carpentry Class project would continue with modular home construction on site. A section of the parking lot has been gated off in order to accommodate the project.

The time frame for the project would be similar to the Breezewood Subdivision. The first modular (aka house number 8) is estimated to take a year and a half to complete. After the first year the projected time frame is one year to completion. The preferred method of sales is that we have a buyer under contract before the modular is constructed; however in the event we do not have a buyer under contract, the modular will be auctioned upon completion. Each modular home design is approved by the state and is subject to a permit. All transportation, site development, and any other additional costs are the responsibility of the buyer.

Roof Project:

Phase III, Part 1of the roof project was completed in fiscal year 2017. Construction for Phase III, Part 2 will begin in July, 2017 and will be paid from the Permanent Improvement Fund and gas and oil revenue from the General Fund.

New Program for 2018:

For the 2018 school year, the School District will add a new program, Small Animal Sciences (The Program). The new Program is expected to result in an increase in the School District's overall enrollment. An investment of $253,472 was made to add this program and refurbish the Health Occupations Lab. Even though transitional aid funding will decrease if enrollment continues to grow, the Board of Education's philosophy is to increase enrollment while offering a state of the art facility. The Program has an initial enrollment sign-up of over 20 students.

Public Utility Tax Adjustments

A portion of existing public utilities valuations increased, but the bulk of the increase is due to the Texas Eastern Transmission LP (gas transmission line running through the county) being taxed for the first time. The Texas Eastern line has a taxable value of $80,500,000 in tax districts and the School District is receiving a (county wide valuation) which resulted in approximately $300,000 in additional revenue in fiscal year 2017. First Energy has filed an impairment tax reduction which will result in the reduction of public utility personal property assessed value from $446,986,050 (2016 tax year, collected in 2017) to $382,213,790 (tax year 2017, collected in 2018). First Energy (Sammis Plant) reduced their taxable value by $47,984,820. AEP Generation Resources (Cardinal Plan) reduced their taxable value by $22,210,890. Both plants affect the School District due to it being a county wide taxing district. First collection will be Spring 2018 (half year) in the forecast and a full year starting fall of 2018. The loss is estimated at $162,000.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Karen Spoonemore, Treasurer/CFO at Jefferson County Joint Vocational School District, 1509 County Highway 22A, Bloomingdale, Ohio 43910.

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Jefferson County Joint Vocational School District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$1,263,751
Accounts Receivable	47,858
Intergovernmental Receivable	57,456
Materials and Supplies Inventory	14,094
Assets Held for Resale	59,574
Property Taxes Receivable	3,500,182
Cash and Cash Equivalents with Fiscal Agents	932,941
Non-Depreciable Capital Assets	87,522
Depreciable Capital Assets, Net	3,823,327
Total Assets	9,786,705
Deferred Outflows of Resources	
Pension	1,316,433
Liabilities	
Accounts Payable	5,282
Accrued Wages and Benefits Payable	361,201
Intergovernmental Payable	78,062
Matured Severance Payable	48,465
Accrued Interest Payable	3,818
Claims Payable	191,077
Long-Term Liabilities:	
Due Within One Year	100,902
Due In More Than One Year:	
Net Pension Liability (See Note 11)	7,373,744
Other Amounts Due in More Than One Year	818,824
Total Liabilities	8,981,375
Deferred Inflows of Resources	
Property Taxes	2,902,019
Pension	73,117
Total Deferred Inflows of Resources	2,975,136
Net Position (Deficit)	
Net Investment in Capital Assets	3,299,206
Restricted for:	
Capital Projects	79,837
Food Service Operations	81,697
State Programs	3,444
Federal Programs	1,465
Budget Stabilization	17,604
Other Purposes	28,001
Unrestricted	(4,364,627)
Total Net Position (Deficit)	($853,373)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$261,794	$0	$21,059	($240,735)
Special	367,803	0	41,898	(325,905)
Vocational	3,270,925	129,388	496,109	(2,645,428)
Adult/Continuing	10,975	0	0	(10,975)
Student Intervention Services	111,105	0	0	(111,105)
Support Services:				
Pupil	259,664	0	13,253	(246,411)
Instructional Staff	310,551	0	1,144	(309,407)
Board of Education	74,531	0	0	(74,531)
Administration	281,904	0	0	(281,904)
Fiscal	320,210	0	467	(319,743)
Operation and Maintenance of Plant	1,149,108	0	16,596	(1,132,512)
Central	87,008	0	14,559	(72,449)
Operation of Non-Instructional Services	5,320	0	0	(5,320)
Food Service Operations	215,155	72,392	111,319	(31,444)
Interest and Fiscal Charges	13,592	0	0	(13,592)
Total Governmental Activities	$6,739,645	$201,780	$716,404	(5,821,461)

General Revenues	
Property Taxes Levied for General Purposes	2,655,003
Property Taxes Levied for Capital Projects	513,950
Grants and Entitlements not Restricted to Specific Programs	2,539,812
Gifts and Donations	13,260
Investment Earnings	9,904
Gas and Oil Lease Bonus	118,846
Miscellaneous	5,549
Total General Revenues	5,856,324
Change in Net Position	34,863
Net Position (Deficit) Beginning of Year	(888,236)
Net Position (Deficit) End of Year	($853,373)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$456,855	$673,139	$115,728	$1,245,722
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	18,029	0	0	18,029
Receivables:				
Property Taxes	2,927,731	572,451	0	3,500,182
Intergovernmental	20,131	0	37,325	57,456
Interfund	685,161	0	0	685,161
Assets Held for Resale	59,574	0	0	59,574
Materials and Supplies Inventory	0	0	14,094	14,094
Total Assets	$4,167,481	$1,245,590	$167,147	$5,580,218
Liabilities				
Accounts Payable	$5,282	$0	$0	$5,282
Accrued Wages and Benefits Payable	350,846	0	10,355	361,201
Interfund Payable	0	646,143	39,018	685,161
Matured Severance Payable	48,465	0	0	48,465
Intergovernmental Payable	74,787	0	3,275	78,062
Total Liabilities	479,380	646,143	52,648	1,178,171
Deferred Inflows of Resources				
Property Taxes	2,382,409	519,610	0	2,902,019
Unavailable Revenue	171,481	34,412	1,144	207,037
Total Deferred Inflows of Resources	2,553,890	554,022	1,144	3,109,056
Fund Balances				
Nonspendable:				
Materials and Supplies Inventory	0	0	14,094	14,094
Assets Held for Resale	59,574	0	0	59,574
Unclaimed Monies	425	0	0	425
Restricted for:				
Capital Projects	0	45,425	0	45,425
Food Service Operations	0	0	67,603	67,603
Budget Stabilization	17,604	0	0	17,604
State Programs	0	0	3,444	3,444
Federal Programs	0	0	321	321
Other Purposes	0		28,001	28,001
Committed	118,846	0	0	118,846
Assigned to:				
Purchases on Order	197,212	0	0	197,212
Unassigned	740,550	0	(108)	740,442
Total Fund Balances	1,134,211	45,425	113,355	1,292,991
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$4,167,481	$1,245,590	$167,147	$5,580,218

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Reconciliation of Total Governmental Fund Balances

to Net Position of Governmental Activities

June 30, 2017

Total Governmental Fund Balances		$1,292,991
Amounts reported for governmental activities in the Statement of Net Position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,910,849
Other long-term assets are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds.		
Property Taxes	198,302	
Intergovernmental	8,735	
Total		207,037
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		789,722
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(3,818)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	611,643	
Compensated Absences	308,083	
Total		(919,726)
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	1,316,433	
Net Pension Liability	(7,373,744)	
Deferred Inflows - Pension	(73,117)	
Total		(6,130,428)
Net Position of Governmental Activities		($853,373)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$2,660,013	$515,011	$0	$3,175,024
Intergovernmental	2,939,476	17,146	303,622	3,260,244
Interest	220	0	0	220
Tuition and Fees	113,299	0	0	113,299
Extracurricular Activities	16,089	0	0	16,089
Gifts and Donations	5,975	0	7,285	13,260
Charges for Services	0	0	72,392	72,392
Gas and Oil Lease Bonus	118,846	0	0	118,846
Miscellaneous	5,549	0	0	5,549
Total Revenues	5,859,467	532,157	383,299	6,774,923
Expenditures				
Current:				
Instruction:				
Regular	212,072	0	0	212,072
Special	309,878	0	0	309,878
Vocational	2,492,268	2,100	181,817	2,676,185
Adult/Continuing	10,975	0	0	10,975
Student Intervention Services	90,691	0	0	90,691
Support Services:				
Pupil	221,275	0	0	221,275
Instructional Staff	312,451	0	1,144	313,595
Board of Education	74,531	0	0	74,531
Administration	277,740	0	0	277,740
Fiscal	292,782	11,768	0	304,550
Operation and Maintenance of Plant	719,341	418,222	0	1,137,563
Central	68,075	0	14,568	82,643
Operation of Non-Instructional Services	5,320	0	0	5,320
Food Service Operations	0	0	199,098	199,098
Debt Service:				
Principal Retirement	0	0	69,331	69,331
Interest and Fiscal Charges	0	0	14,025	14,025
Total Expenditures	5,087,399	432,090	479,983	5,999,472
Excess of Revenues Over (Under) Expenditures	772,068	100,067	(96,684)	775,451
Other Financing Sources (Uses)				
Transfers In	0	0	83,356	83,356
Transfers Out	(83,356)	0	0	(83,356)
Total Other Financing Sources (Uses)	(83,356)	0	83,356	0
Net Change in Fund Balances	688,712	100,067	(13,328)	775,451
Fund Balances (Deficit) Beginning of Year	445,499	(54,642)	126,683	517,540
Fund Balances End of Year	$1,134,211	$45,425	$113,355	$1,292,991

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$775,451
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		
Capital Asset Additions	396,045	
Depreciation	(290,573)	
Total		105,472
Capital Assets removed from the capital asset account on the Statement of Net Position results in a gain or loss on disposal of capital assets on the Statement of Activities		(328,877)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Property Taxes	(6,071)	
Intergovernmental	(4,028)	
Total		(10,099)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
General Obligation Bonds		69,331
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.		433
Some expenses 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.		
Compensated Absences Payable		18,067
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		345,032
Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the Statement of Activities.		(560,232)
The internal service fund used by management to charge the costs of insurance to individual funds is included in the Statement of Activities and not on the governmental fund statements. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		(379,715)
Change in Net Position of Governmental Activities		$34,863

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	$2,382,924	$2,583,666	$2,583,666	$0
Intergovernmental	2,864,308	2,929,979	2,929,979	0
Interest	180	220	220	0
Tuition and Fees	191,385	113,299	113,299	0
Extracurricular Activities	13,000	16,089	16,089	0
Gifts and Donations	5,975	5,975	5,975	0
Gas and Oil Lease Bonus	118,846	118,846	118,846	0
Miscellaneous	15,906	6,999	7,424	425
Total Revenues	5,592,524	5,775,073	5,775,498	425
Expenditures				
Current:				
Instruction:				
Regular	237,635	239,097	230,193	8,904
Special	313,090	307,848	307,848	0
Vocational	2,694,628	2,473,407	2,473,414	(7)
Adult/Continuing	12,665	9,706	9,706	0
Student Intervention Services	89,609	89,913	89,913	0
Support Services:				
Pupil	244,693	224,489	224,489	0
Instructional Staff	313,612	312,987	312,987	0
Board of Education	76,604	74,418	74,418	0
Administration	287,124	283,589	283,589	0
Fiscal	316,710	306,003	306,003	0
Operation and Maintenance of Plant	881,076	924,534	924,536	(2)
Central	103,504	68,075	68,075	0
Total Expenditures	5,570,950	5,314,066	5,305,171	8,895
Excess of Revenues Over Expenditures	21,574	461,007	470,327	9,320
Other Financing Sources (Uses)				
Sale of Assets Held for Resale	160,000	170,000	170,000	0
Advances In	111,065	117,741	3,120	(114,621)
Advances Out	(50,000)	(789,262)	(685,161)	104,101
Transfers In	330,642	308,425	0	(308,425)
Transfers Out	(370,000)	(393,397)	(83,356)	310,041
Total Other Financing Sources (Uses)	181,707	(586,493)	(595,397)	(8,904)
Net Change in Fund Balance	203,281	(125,486)	(125,070)	416
Fund Balance Beginning of Year	308,355	308,355	308,355	0
Prior Year Encumbrances Appropriated	93,172	93,172	93,172	0
Fund Balance End of Year	$604,808	$276,041	$276,457	$416

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Fund Net Position

Proprietary Fund

June 30, 2017

	Governmental Activity
	Internal Service Fund
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	$932,941
Accounts Receivable	47,858
Total Assets	$980,799
Current Liabilities	
Claims Payable	191,077
Net Position	
Unrestricted	789,722
Total Net Position	$789,722

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Fund

For the Fiscal Year Ended June 30, 2017

	Governmental Activity
	Internal Service Fund
Operating Revenues	
Charges for Services	$786,516
Other Operating Revenues	7,547
Total Operating Revenues	794,063
Operating Expenses	
Purchased Services	197,274
Claims	986,188
Total Operating Expenses	1,183,462
Operating Loss	(389,399)
Non-Operating Revenues	
Interest	9,684
Change in Net Position	(379,715)
Net Position Beginning of Year	1,169,437
Net Position End of Year	$789,722

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2017

	Governmental Activity
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	$786,516
Cash Payments for Goods and Services	(197,274)
Cash Payments for Claims	(1,420,973)
Cash Received from Other Operating Revenue	581,674
Net Cash Used for Operating Activities	(250,057)
Cash Flows from Investing Activities	
Interest	9,684
Net Cash Provided by Investing Activities	9,684
Net Decrease in Cash and Cash Equivalents	(240,373)
Cash and Cash Equivalents Beginning of Year	1,173,314
Cash and Cash Equivalents End of Year	$932,941
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($389,399)
Decrease in Accounts Receivable	55,058
Increase in Claims Payable	84,284
Net Cash Used for Operating Activities	($250,057)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

June 30, 2017

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	$45,415
Total Assets	$45,415
Liabilities	
Due to Students	$45,415
Total Liabilities	$45,415

See accompanying notes to the basic financial statements

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Jefferson County Joint Vocational School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five members' schools throughout Jefferson County and one member school from Carroll County.

The School District operates under a nine member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District and one member of Toronto City, Indian Creek Local, Buckeye Local and Edison Local School Districts'.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July 1972 and passed.

Ground breaking occurred on January 26, 1974. September, 1975 the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the School District is staffed by 5 administrative employees, 19 non-certificated employees and 29 certificated personnel who provide services to 286 students and other community members.

Reporting Entity:

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

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

The School District participated in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), and the Coalition of Rural and Appalachian Schools (CORAS), jointly governed organization, the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) and the Schools of Ohio Risk Sharing Authority (SORSA), insurance purchasing pools, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk-sharing, claims servicing, and insurance purchasing pool. These organizations are presented in Notes 16 and 17.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

> ***General Fund*** - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Permanent Improvement Fund –*** The Permanent Improvement Fund is used to account for a permanent improvement levy used to finance various capital projects at the School District.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

> ***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, prescription drug and dental claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net positions and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The School District's fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resource measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use 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 outflows/deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance 2018 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. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 18. Net deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. See Note 11 for more information.

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. 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 positon 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.

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District’s records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

During fiscal year 2017, the School District invested in STAROhio. STAROhio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAROhio at the net asset value (NAV) per share provided by STAROhio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAROhio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statues, 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 2017 amounted to $220 which includes $139 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments. The District had no investments meeting the above criteria.

G. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the governmental funds represent unexpended revenues restricted for unclaimed monies and amounts required by State Statute to be set aside to create a reserve for budget stabilization and. See Note 18 for additional information regarding set-asides.

H. Assets Held for Resale

As an integral part of the instructional laboratory experience for the Construction Trades programs, houses are constructed on land owned by the School District for the purpose of being sold at public auction upon completion. Transactions are conducted through the School District's General Fund for reporting purposes.

Since fiscal year 2004, the School District has completed and sold seven houses with the final house being sold during fiscal year 2017, as well as completed the road and water and sewer assets that were given to the township and county respectively. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2017 activity.

Currently, the School District is constructing a modular home. The value of the modular home being constructed at June 30, 2017 is $59,574 and is recorded as an asset held for resale at June 30, 2017.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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.

J. Inventory

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

K. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars.

The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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	Governmental Activities Estimated Lives
Land Improvements	20 Years
Buildings and Improvements	21-50 Years
Furniture and Equipment	5-25 Years
Vehicles	8 - 15 Years

L. Interfund Balances

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

M. Compensated Absences

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

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

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

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees will be paid.

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Interfund Activity

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

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

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

P. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. For fiscal year 2017, the School District has a committed fund balance in the amount of $118,846 for capital projects.

` ***Assigned:*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the School District Board of Education to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The amount assigned in the General Fund represents amounts for purchase on order.

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

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

Q. Net Position

Net position represents the difference between assets and liabilities. Net investment 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local receipts restricted for student programs.

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

S. Extraordinary and Special Items

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

T. Estimates

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

U. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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 fiscal year.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements; however, the School District had no abatement that met the GASB 77 definition.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or unassigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The proceeds from the sale of assets held for resale are reported on the operating statement (budget basis) and reduce the value of the asset on the balance sheet (GAAP basis).

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

Net Change in Fund Balance

	General
GAAP Basis	$688,712
Revenue Accruals	(83,969)
Advances In	3,120
Expenditure Accruals	(19,345)
Sale of Assets Held for Resale	170,000
Advance Out	(685,161)
Encumbrances	(198,427)
Budget Basis	($125,070)

NOTE 5 - DEPOSITS AND INVESTMENTS

State Statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2017, the School District's internal service fund had a balance of $932,941 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 17). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was $1,482,390. Of the bank balance, $250,000 was covered by Federal Depository Insurance and the remaining balance of $1,232,390 was covered by pooled collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District has no deposit policy for custodial risk beyond the requirements of State Statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. . Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at 105 percent.

Investments

As of June 30, 2017, the School District's only investment was in STAR Ohio. STAR Ohio is measured at net asset value per share. The value of the investments in STAR Ohio was $28,763 and the investment has an average maturity of 45.5 days.

Interest Rate Risk. The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Jefferson, Harrison, Carroll and Belmont Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes which were measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2017, was $381,432 in the General Fund and $18,429 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2016 was $305,085 in the General Fund and $14,967 in the Permanent Improvement Capital Projects Fund.

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

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	$962,772,330	74.50%	$966,329,360	68.37%
Public Utility Personal	329,554,370	25.50%	446,986,050	31.63%
Total Assessed Values	$1,292,326,700	100.00%	$1,413,315,410	100.00%
Tax Rate per $1,000 of assessed valuation	$2.50		$2.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017, consisted of property taxes, interfund, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $198,302 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
REAP Grant	$7,591
Perkins Grant	32,181
High Schools That Work Grant	4,000
Title IIA Grant	1,144
Workers' Comp Rebate	6,070
SERS Overpayment	6,470
Total Intergovernmental Receivables	$57,456

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

Interfund balances at June 30, 2017 consisted of the following individual interfund receivables and payables:

	Interfund Receivable General Fund
Interfund Payable	
Permanent Improvement	$646,143
Other Nonmajor Governmental	39,018
Total Interfund Payable	$685,161

The loan made to the Permanent Improvement Capital Projects Fund was to move money for Phase III, Part 2 roof project. The loans made to the Miscellaneous Federal Grant, the Miscellaneous State Grant, and the Perkins Grant Special Revenue Funds were to support the programs until grant monies are received to operate the programs.

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	Transfers To Other Non-major Governmental
Transfers from	
General Fund	$83,356

Transfers from the General Fund were used to provide revenue to the Debt Service Fund to provide scheduled debt service payments.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Nondepreciable Capital Assets:				
Land	$88,229	$0	($707)	$87,522
Construction in Progress	364,430	0	(364,430)	0
Total Nondepreciable Capital Assets	452,659	0	(365,137)	87,522
Depreciable Capital Assets:				
Land Improvements	150,781	0	0	150,781
Buildings and Improvements	7,497,423	682,352	(557,468)	7,622,307
Furniture and Equipment	2,069,086	78,123	(26,828)	2,120,381
Vehicles	71,883	0	0	71,883
Total Depreciable Capital Assets	9,789,173	760,475	(584,296)	9,965,352
Accumulated Depreciation:				
Land Improvements	(74,058)	(9,623)	0	(83,681)
Buildings and Improvements	(4,354,944)	(203,691)	253,004	(4,305,631)
Furniture and Equipment	(1,639,904)	(74,602)	3,122	(1,711,384)
Vehicles	(38,672)	(2,657)	0	(41,329)
Total Accumulated Depreciation	(6,107,578)	(290,573)	256,126	(6,142,025)
Total Depreciable Capital Assets, Net	3,681,595	469,902	(328,170)	3,823,327
Governmental Capital Assets, Net	$4,134,254	$469,902	($693,307)	$3,910,849

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Vocational	$251,687
Support Services:	
Administration	8,148
Fiscal	2,037
Operation of Maintenance and Plant	24,627
Food Service Operations	4,074
Total Depreciation Expense	$290,573

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017 the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 17) for property, general liability, and auto insurance. Coverages provided are as follows:

A. Property and Liability

Property - Including Inland Marine and Miscellaneous Equipment:	
Building and Contents-replacement cost (no deductible)	$21,648,211
Crime Cover:	
Employee Dishonesty	$100,000
Forgery	$100,000
Computer Fraud	$100,000
Theft, Disappearance, and Destruction	$100,000
General Liability:	
Each Occurance	15,000,000
Aggregated Limit	17,000,000
Automobile Liability:	
Owned/Leased Vehicles	15,000,000
Medical Payments - Occurance	10,000
Medical Payments - Aggregate	25,000
Uninsured Motorist - Aggregate	1,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Worker's Compensation

For fiscal year 2017, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

C. Employee Benefits

Medical/surgical, prescription drug, life and dental insurance are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical/surgical/prescription drug coverage is based on a usual, customary, and reasonable claim plan. The Board's share of the premiums for this coverage is $1,268.06 for individual coverage per month and $2,523.48 for family coverage per month which represents 95 percent of the total premium for the certified staff and 95 percent of the total premium for the classified staff. The premium is paid from the fund that pays the salary of the covered employee Premiums for the dental coverage are $108.16 per month for family coverage and $48.82 per month for single coverage for all staff the Board's share of dental coverage premiums are 95 percent for the certified staff and 95 percent for the classified staff.

The claims liability of $191,077 reported in the Internal Service Fund at June 30, 2017 is based on an estimate calculated by averaging the past three fiscal years claims payable amounts and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

Program	Beginning Balance	Current Year Claims		Claims Payments		Ending Balance
Self Insurance - Health						
2016	$162,677	$736,118		$792,002		$106,793
2017	106,793	1,034,046	(1)	949,762	(2)	191,077
(1) Claims Expense		$986,188				
+Stop Loss Receivable		47,858				
Current Year Claims		$1,034,046				
(2) Cash Payments for Claims				$1,420,973		
- Stop Loss Received for 2017 Claims				(471,211)		
Claims Payments				$949,762		

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was $70,530 for fiscal year 2017. Of this amount $0 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was $274,502 for fiscal year 2017. Of this amount, $37,587 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.01668270%	0.01829970%	
Proportion of the Net Pension Liability Current Measurement Date	0.01682840%	0.01834929%	
Change in Proportionate Share	0.00014570%	0.00004959%	
Proportionate Share of the Net Pension Liability	$1,231,684	$6,142,060	$7,373,744
Pension Expense	$123,246	$436,986	$560,232

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$16,613	$248,169	$264,782
Changes of assumptions	82,222	0	82,222
Net difference between projected and actual earnings on pension plan investments	101,596	509,956	611,552
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	6,053	6,792	12,845
School District contributions subsequent to the measurement date	70,530	274,502	345,032
Total Deferred Outflows of Resources	$277,014	$1,039,419	$1,316,433
Deferred Inflows of Resources			
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	$15,073	$58,044	$73,117

$345,032 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$45,304	$102,384	$147,688
2019	45,230	102,383	147,613
2020	71,671	298,068	369,739
2021	29,206	204,038	233,244
Total	$191,411	$706,873	$898,284

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, 2016, compared with June 30, 2015, are presented below:

	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$1,630,672	$1,231,684	$897,713

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
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 commences 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 no set back from age 90 and above.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
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	100.00 %	7.61 %

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are excluded. 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, 2016. 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, 2016.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 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	$8,162,299	$6,142,060	$4,437,870

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's NPL is expected to be significant.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2017, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was $23,500. 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 2017, the School District's surcharge obligation was $7,465.

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 School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $7,465, $7,186, and $7,346, respectively. The full amount has been contributed for fiscal years 2017, 2016, and 2015.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, June 30, 2016 and June 30. 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

B. Other Insurance Benefits

The Board pays 100 percent of the premiums for life and vision coverage. Life insurance is provided through MetLife. Coverage is in the amount of $45,000 for all certified teachers and classified employees at a total monthly premium of $6.17 and coverage of $50,000 for administrators at a total monthly premium of $7.25. The School District provides vision insurance through Vision Service Plan at a cost of $9.18 for single coverage and $20.53 for family coverage per month.

NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Outstanding 6/30/16	Additions	Deductions	Outstanding 6/30/17	Amounts Due Within One Year
2010 Energy Conservation Qualified School Construction Bonds:					
Serial Bonds, $1,078,690 @ 2.170%	$680,974	$0	$69,331	$611,643	$70,835
Total General Obligation Bonds	680,974	0	69,331	611,643	70,835
Compensated Absences	326,150	60,961	79,028	308,083	30,067
Other Long-Tem Obligations					
Net Pension Liability *					
STRS	5,057,503	1,084,557	0	6,142,060	0
SERS	951,931	279,753	0	1,231,684	0
Total Net Pension Liability	6,009,434	1,364,310	0	7,373,744	0
Total Long-Term Obligations	$7,016,558	$1,425,271	$148,359	$8,293,470	$100,902

* For additional information related to the net pension liability, See Note 11

2010 Energy Conservation Qualified School Construction Bonds – On March 17, 2010, Jefferson County Joint Vocational School District issued $1,078,690 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 2.170 percent interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA/Negative from Standard & Poor's for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Principal and Interest requirements to retire the remaining outstanding qualified school construction bonds for the 2010 Energy Conservation Bonds outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	$70,835	$12,504	$83,339
2019	72,373	10,951	83,324
2020	73,943	9,363	83,306
2021	75,548	7,741	83,289
2022	77,187	6,084	83,271
2023-2025	241,757	7,942	249,699
Total	$611,643	$54,585	$666,228

The School District's voted legal debt margin was $126,586,744 with an unvoted debt margin of $1,413,315, at June 30, 2017.

Compensated absences will be paid from the General Fund.

Net Pension Liability – There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds the General Fund, the Food Service and Perkins Grant Special Revenue Funds. For additional information related to the net pension liability, See Note 11.

NOTE 15 - COMMITMENTS

A. Construction Commitments

On March 21, 2017, the School District entered into an agreement with Boak & Sons, Inc., in the amount of $529,773 for completion of Phase III, Part 2 roof replacement project. As of June 30, 2017, the full amount of the contract remains outstanding.

B. Encumbrances

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

Major Funds:	
General	$198,427
Permanent Improvement	673,139
Other Non-major Governmental Funds	1,213
Total	$872,779

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. The School District did not participate in the natural gas sales service program. During fiscal year 2017, the total amount paid to OME-RESA from the School District was $8,380 for technology services and $8,676 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools is a jointly governed organization including approximately 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was $325 for fiscal year 2017.

NOTE 17 - PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of $250 for policy year 2017 was paid to CompManagement, Inc.

Schools of Ohio Risk Sharing Authority (SORSA) – The School District participates in the Schools of Ohio Risk Sharing Authority, a protected self-insurance purchasing pool under the authority of Ohio Revised Code 2744. One hundred eight school districts, educational service centers and joint vocational school districts participate in the SORSA. SORSA is governed by a board of trustees elected by members. Member school districts agree to jointly participated in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public official's errors and omissions liability insurance.

B. Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

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

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2004, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statue.

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

	Capital Improvements	Budget Stabilization
Set-aside Restricted Balance as of June 30, 2016	$0	$17,604
Current Year Set-aside Requirement	55,490	0
Current Year Offsets	(528,695)	0
Totals	($473,205)	$17,604
Balance Carried Forward to Fiscal Year 2018	$0	$17,604
Set-aside Restricted Balance as of June 30, 2017	$0	$17,604

The School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future years. The School District also had prior year capital expenditures from note and bond proceeds that may be carried forward to offset future set-aside requirements, if needed. The total restricted balance for the set-asides at the end of the fiscal year was $17,604.

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

B. Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

C. Litigation

The School District is currently not a party to any pending litigation.

D. Paid Up Oil and Gas Lease

The Board of Education entered into a "Paid-Up" Oil and Gas Lease effective October 12, 2011 and continuing for a period of five years with Hess Ohio Resources, LLC. In consideration of the execution of the lease, the School District received a bonus of $445,540 during fiscal year 2012. On September 20, 2016, The Board of Education approved an addendum to the oil and gas lease agreement with Ascent Resources – Utica, LLC, previously, Hess Ohio Resources. The oil and gas lease has been amended to extend the lease period from October 12, 2011 to October 11, 2019. The amendment calls for a bonus payment of $285,585 tendered in three payments as follows: $118,846 within ninety days of receipt of order of payment, received December 21, 2016; $83,369 on or before October 11, 2017, received September 20, 2017: and $83,370 on or before October 11, 2018. See Subsequent Event Note 20 for further details.

The School District has a total of 88.691 acres subject to the lease provisions which call for payments or royalties to the School District (Lessor), in addition to the bonus. The royalties will be 18.75 percent of the gross price paid to Ascent Resources – Utica, LLC (Lessee) for such gas oil, and other hydrocarbons so produced and marketed from the leased premises. The total carrying value of the land leased is $87,522. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

NOTE 20 – SUBSEQUENT EVENT DISCLOSURE

Oil and Gas Lease - On September 27, 2017, the School District received $83,370 which represented the third and final payment of the signing bonus for the "Paid-Up" Oil and Gas Lease" with Ascent Resources – Utica, LLC, which was effective September 20, 2016. See Contingency Note 19 for further details.

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Required

Supplementary

Information

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Four Fiscal Years (1)**

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.01682840%	0.01668270%	0.01718500%	0.01718500%
School District's Proportionate Share of the Net Pension Liability	$1,231,684	$951,931	$869,723	$1,021,937
School District's Covered Payroll	$523,329	$504,173	$500,996	$476,847
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	235.36%	188.81%	173.60%	214.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

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

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

See accompanying notes to required supplementary information

Jefferson County Joint Vocational School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

*Last Four Fiscal Years (1)**

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.01834929%	0.01829970%	0.01863591%	0.01863591%
School District's Proportionate Share of the Net Pension Liability	$6,142,060	$5,057,503	$4,532,899	$5,399,559
School District's Covered Payroll	$1,927,607	$1,940,271	$1,900,685	$1,893,638
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	318.64%	260.66%	238.49%	285.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

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

See accompanying notes to required supplementary information

Jefferson County Joint Vocational School District

Required Supplementary Information

Schedule of the School District's Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$70,530	$73,266	$66,450	$69,438
Contributions in Relation to the Contractually Required Contribution	(70,530)	(73,266)	(66,450)	(69,438)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll	$503,786	$523,329	$504,173	$500,996
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

See accompanying notes to required supplementary information

2013	2012	2011	2010	2009	2008
$65,996	$63,589	$62,752	$61,279	$46,375	$46,582
(65,996)	(63,589)	(62,752)	(61,279)	(46,375)	(46,582)
$0	$0	$0	$0	$0	$0
$476,847	$472,780	$499,221	$452,574	$471,278	$474,356
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Jefferson County Joint Vocational School District

Required Supplementary Information

Schedule of the School District's Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$274,502	$269,865	$271,638	$247,089
Contributions in Relation to the Contractually Required Contribution	(274,502)	(269,865)	(271,638)	(247,089)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll	$1,960,729	$1,927,607	$1,940,271	$1,900,685
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

See accompanying notes to required supplementary information

2013	2012	2011	2010	2009	2008
$246,173	$265,545	$287,921	$280,017	$275,466	$269,748
(246,173)	(265,545)	(287,921)	(280,017)	(275,466)	(269,748)
$0	$0	$0	$0	$0	$0
$1,893,638	$2,042,651	$2,214,776	$2,153,669	$2,118,969	$2,074,987
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Changes in Assumptions - SERS

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

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

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The discussion and analysis of the Jefferson County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2016 are as follows:

- In total, net position increased $733,866.

- General revenues accounted for $5,444,585, in revenue or 85 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for $933,704 or 15 percent of total revenues of $6,378,289.

- Total assets of governmental activities increased $899,987. Current assets decreased by $199,277 due primarily to decreased equity in pooled cash and cash equivalents and intergovernmental receivables. Capital assets increased $1,099,264 due primarily to additions for roof replacement.

- The School District had $5,644,423 in expenses related to governmental activities; only $933,704 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues of $5,444,585 were adequate to provide for these programs.

- Total governmental funds had $6,369,430 in revenues and $6,942,292 in expenditures. The net change in governmental fund balances, including other financing sources (uses) was a decrease of $572,862.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 75. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, and the Permanent Improvement Capital Projects Fund.

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2016 compared to 2015.

Table 1
Net Position
Governmental Activities

	2016	2015	Change
Assets			
Current and Other Assets	$5,447,788	$5,647,065	($199,277)
Capital Assets	4,134,254	3,034,990	1,099,264
Total Assets	9,582,042	8,682,055	899,987
Deferred Outflow of Resourses			
Pension	589,018	389,129	199,889
Liabilities			
Current and Other Liabilities	924,236	703,578	220,658
Long-Term Liabilities:			
Due Within One Year	100,815	90,918	9,897
Due in More Than One Year:			
Net Pension Liability	6,009,434	5,402,622	606,812
Other Amounts	906,309	997,557	(91,248)
Total Liabilities	7,940,794	7,194,675	746,119
Deferred Inflows of Resources			
Property Taxes	2,623,690	2,518,849	104,841
Pension	494,812	979,762	(484,950)
Total Deferred Inflows of Resources	3,118,502	3,498,611	(380,109)
Net Position (Deficit)			
Net Investment in Capital Assets	3,088,850	2,196,778	892,072
Restricted	512,717	1,054,776	(542,059)
Unrestricted	(4,489,803)	(4,873,656)	383,853
Total Net Position (Deficit)	($888,236)	($1,622,102)	$733,866

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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 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 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the School 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 obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the 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 to the employee, because all parties enter the employment exchange with notice as to the 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 liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the School 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.

Total assets of governmental activities increased $899,987. Current assets decreased by $199,277 due primarily to decreased intergovernmental receivables resulting from the School District receiving most of their grant award money prior to the fiscal year end and a decrease in cash and cash equivalents primarily

due to capital outlay relating to a roof project. Capital assets increased $1,099,264 due primarily to additions for roof repair.
Total liabilities increased $746,199 due primarily to an increase in current liabilities, as well as, an increase in net pension liability. Current liabilities increased $220,658 primarily due to contract and retainage payable for a roof replacement project.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2016 and 2015.

Table 2
Changes in Net Position
Governmental Activities

	2016	**2015**	**Change**
Revenues			
Program Revenues			
Charges for Services and Sales	$259,008	$234,317	$24,691
Operating Grants and Contributions	674,696	874,766	(200,070)
Total Program Revenues	933,704	1,109,083	(175,379)
General Revenues			
Property Taxes	2,880,805	2,884,391	(3,586)
Grants and Entitlements not Restricted to Specific Programs	2,528,640	2,296,697	231,943
Investments	12,844	13,215	(371)
Other	22,296	21,318	978
Total General Revenues	5,444,585	5,215,621	228,964
Total Revenues	6,378,289	6,324,704	53,585
Program Expenses			
Instruction			
Regular	240,431	224,258	16,173
Special	299,353	271,216	28,137
Vocational	2,658,535	2,711,402	(52,867)
Adult/Continuing	8,090	9,155	(1,065)
Student Intervention Services	88,480	81,851	6,629
Support Services:			
Pupil	235,063	194,653	40,410
Instructional Staff	291,653	301,460	(9,807)
Board of Education	69,601	70,211	(610)
Administration	244,926	244,464	462
Fiscal	303,676	283,383	20,293
Operation and Maintenance of Plant	971,118	842,938	128,180
Central	24,483	34,128	(9,645)
Food Service Operations	193,925	194,112	(187)
Interest and Fiscal Charges	15,089	16,556	(1,467)
Total Expenses	5,644,423	5,479,787	164,636
Change in Net Position	733,866	844,917	(111,051)
Net Position (Deficit) Beginning of Year	(1,622,102)	(2,467,019)	844,917
Net Position (Deficit) End of Year	($888,236)	($1,622,102)	$733,866

In 2016, 45 percent of the School District's revenues were from property taxes and 40 percent were from unrestricted grants and entitlements. Operating grants and contributions reflect a decrease, primarily due to a decrease in Special Education funding.

Instructional programs comprise approximately 58 percent of total governmental program expenses, which is a slight decrease of $2,993 from fiscal year 2015. Overall, program expenses of the School District increased by $164,636.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2016 and 2015. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	**2015**	**2016**	**2015**
Instruction				
Regular	$240,431	$224,258	$220,644	$192,897
Special	299,353	271,216	256,481	208,823
Vocational	2,658,535	2,711,402	2,012,654	1,936,693
Adult/Continuing	8,090	9,155	8,090	9,155
Student Intervention Services	88,480	81,851	88,480	81,851
Support Services:				
Pupil	235,063	194,653	221,871	174,917
Instructional Staff	291,653	301,460	288,052	297,252
Board of Education	69,601	70,211	69,601	70,211
Administration	244,926	244,464	244,926	244,464
Fiscal	303,676	283,383	303,572	282,563
Operation and Maintenance of Plant	971,118	842,938	961,707	831,938
Central	24,483	34,128	11,899	25,814
Food Service Operations	193,925	194,112	7,653	(2,430)
Interest and Fiscal Charges	15,089	16,556	15,089	16,556
Total Expenses	$5,644,423	$5,479,787	$4,710,719	$4,370,704

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 83 percent of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 81. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund, and the Permanent Improvement Capital Projects fund. The General Fund had $5,512,889 in revenues and $5,162,269 in expenditures, and the Permanent Improvement Fund had $490,092 in revenues and $1,302,436 in expenditures. Overall, including other financing uses, the General Fund's balance increased $263,349, and the Permanent Improvement Fund's balance decreased $812,344.

General Fund Budgeting Highlights

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

During the course of fiscal 2016 the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The changes between the original and final appropriations reflect increases in almost all expenditure line-items. The changes between original and final estimated revenues reflect an increase in property taxes and intergovernmental revenues.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the School District had $4,134,254 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles.

See Note 10 for more detailed information of the School District's capital assets.

Table 4
Capital Assets Net of Depreciation

	Government Activities	
	2016	2015
Land	$88,229	$88,229
Construction in Progress	364,430	89,380
Land Improvements	76,723	81,002
Buildings and Improvements	3,142,479	2,434,577
Furniture and Equipment	429,182	305,935
Vehicles	33,211	35,867
Totals	$4,134,254	$3,034,990

Debt

At June 30, 2016, the School District had $680,974 in bonds outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2016	2015
2010 Energy Conservation Qualified School Construction Serial Bonds	$680,974	$748,832

See Note 15 for more detailed information on the School District's long-term obligations, including compensated absences and net pension liability as a result of GASB 68.

Economic Factors

Breezewood Manor Subdivision:

The Breezewood Manor Subdivision project was fully implemented by 2003. Seven parcels of land were subdivided and declared no longer needed for any School District purpose and authorized for sale at public auction in accordance with the provisions of O.R.C. 3313.41.

The development of the subdivision included costs for the excavation and building of a road to meet specifications for the township to assume responsibility for future upkeep and care, installing county water and sewer lines, as well as providing electrical service that met all development requirements established by the Planning Commission was approximately $365,000.

As part of the carpentry program, homes are to be constructed on the seven parcels of land and then sold at auction. Six of the homes have been constructed and auctioned for a small profit. The auction of house seven did not meet the minimum bid requirements of the Board of Education. This house is currently in the process of being sold. See Subsequent Note 21 for more detail.

HB 264 Energy Conservation Project:

In prior years, the Board of Education completed building improvements in conjunction with a House Bill 264 project. As part of the project, the School District received approval from the Ohio Department of Education to participate in the State Credit Enhancement Program, created under Ohio Revised Code Section 3317.18 for $1,078,690 of Qualified School Construction Bonds. These Energy Conservation Notes, Series 2010 have a fifteen year pay back schedule with a coupon rate of 2.170 percent. The estimated project benefits is estimated by Johnson Controls Inc. to be $1,278,660 at the end of the fifteen year period and the total principal and interest payments are estimated to be $1,261,621 at the end of the fifteen year period.

Modular Home Sales:

The Board of Education determined the continuation of the Breezewood Subdivision was not feasible due to land and cost restraints. It was determined that the Carpentry Class project would continue with modular home construction on site. A section of the parking lot has been gated off in order to accommodate the project.

The time frame for the project would be similar to the Breezewood Subdivision. Each modular is estimated to take a year and a half to complete. The preferred method of sales is that we have a buyer under contract before the modular is constructed; however in the event we do not have a buyer under contract, the modular will be auctioned upon completion. Each modular home design is approved by the state and is subject to a permit. All transportation, site development, and any other additional costs are the responsibility of the buyer.

Roof Project:

Phase II of the roof project was completed in fiscal year 2016. As of June 30, 2016, construction began on Phase III, the largest section of the roof project. Project costs for Phase III will continue through fiscal year 2017 and fiscal year 2018 and will be paid from the permanent improvement funds, as well as the remaining gas and oil funds and the general fund.

New Program for 2017:

The School District will be offering a new program entitled Small Animal Science for fiscal year 2017. This program will explore the principles of small animal anatomy, physiology, genetics, development selection, and reproduction. Students will learn how to apply principles of animal care and control, clinical procedures and terminology, disease prevention, nutrition research, and small animal grooming.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Karen Spoonemore, Treasurer/CFO at Jefferson County Joint Vocational School District, 1509 County Highway 22A, Bloomingdale, Ohio 43910.

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Jefferson County Joint Vocational School District
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$784,497
Accounts Receivable	104,791
Intergovernmental Receivable	16,801
Materials and Supplies Inventory	12,754
Assets Held for Resale	205,961
Property Taxes Receivable	3,148,115
Prepaid Items	1,555
Cash and Cash Equivalents with Fiscal Agents	1,173,314
Non-Depreciable Capital Assets	452,659
Depreciable Capital Assets, Net	3,681,595
Total Assets	9,582,042
Deferred Outflows of Resources	
Pension	589,018
Liabilities	
Accounts Payable	12,968
Accrued Wages and Benefits Payable	359,031
Intergovernmental Payable	69,893
Contracts Payable	327,987
Retainage Payable	36,443
Matured Severance Payable	6,870
Accrued Interest Payable	4,251
Claims Payable	106,793
Long-Term Liabilities:	
Due Within One Year	100,815
Due In More Than One Year:	
Net Pension Liability (See Note 12)	6,009,434
Other Amounts Due in More Than One Year	906,309
Total Liabilities	7,940,794
Deferred Inflows of Resources	
Property Taxes	2,623,690
Pension	494,812
Total Deferred Inflows of Resources	3,118,502
Net Position (Deficit)	
Net Investment in Capital Assets	3,088,850
Restricted for:	
Capital Projects	364,430
Food Service Operations	97,084
State Programs	3,773
Federal Programs	1,465
Budget Stabilization	17,604
Other Purposes	28,361
Unrestricted	(4,489,803)
Total Net Position (Deficit)	($888,236)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational 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
Governmental Activities				
Instruction:				
Regular	$240,431	$0	$19,787	($220,644)
Special	299,353	0	42,872	(256,481)
Vocational	2,658,535	189,474	456,407	(2,012,654)
Adult/Continuing	8,090	0	0	(8,090)
Student Intervention Services	88,480	0	0	(88,480)
Support Services:				
Pupil	235,063	0	13,192	(221,871)
Instructional Staff	291,653	0	3,601	(288,052)
Board of Education	69,601	0	0	(69,601)
Administration	244,926	0	0	(244,926)
Fiscal	303,676	0	104	(303,572)
Operation and Maintenance of Plant	971,118	0	9,411	(961,707)
Central	24,483	0	12,584	(11,899)
Food Service Operations	193,925	69,534	116,738	(7,653)
Interest and Fiscal Charges	15,089	0	0	(15,089)
Total Governmental Activities	$5,644,423	$259,008	$674,696	(4,710,719)

General Revenues	
Property Taxes Levied for General Purposes	2,402,893
Property Taxes Levied for Capital Projects	477,912
Grants and Entitlements not Restricted to Specific Programs	2,528,640
Gifts and Donations	3,200
Investment Earnings	12,844
Miscellaneous	19,096
Total General Revenues	5,444,585
Change in Net Position	733,866
Net Position (Deficit) Beginning of Year	(1,622,102)
Net Position (Deficit) End of Year	($888,236)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2016

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$383,923	$211,735	$134,792	$730,450
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	17,604	36,443	0	54,047
Receivables:				
Property Taxes	2,626,904	521,211	0	3,148,115
Accounts	1,875	0	0	1,875
Intergovernmental	11,806	0	4,995	16,801
Interfund	3,120	0	0	3,120
Prepaid Items	1,555	0	0	1,555
Assets Held for Resale	205,961	0	0	205,961
Materials and Supplies Inventory	0	0	12,754	12,754
Total Assets	$3,252,748	$769,389	$152,541	$4,174,678
Liabilities				
Accounts Payable	$12,533	$0	$435	$12,968
Accrued Wages and Benefits Payable	345,372	0	13,659	359,031
Contracts Payable	46,643	281,344	0	327,987
Retainage Payable	0	36,443	0	36,443
Interfund Payable	0	0	3,120	3,120
Matured Severance Payable	6,870	0	0	6,870
Intergovernmental Payable	65,249	0	4,644	69,893
Total Liabilities	476,667	317,787	21,858	816,312
Deferred Inflows of Resources				
Property Taxes	2,152,919	470,771	0	2,623,690
Unavailable Revenue	177,663	35,473	4,000	217,136
Total Deferred Inflows of Resources	2,330,582	506,244	4,000	2,840,826
Fund Balances (Deficit)				
Nonspendable:				
Materials and Supplies Inventory	0	0	12,754	12,754
Prepaid Items	1,555	0	0	1,555
Assets Held for Resale	205,961	0	0	205,961
Restricted for:				
Food Service Operations	0	0	84,330	84,330
Budget Stabilization	17,604	0	0	17,604
Federal Programs	0	0	1,465	1,465
Other Purposes	0		28,361	28,361
Assigned to:				
Purchases on Order	45,302	0	0	45,302
Unassigned	175,077	(54,642)	(227)	120,208
Total Fund Balances	445,499	(54,642)	126,683	517,540
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$3,252,748	$769,389	$152,541	$4,174,678

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Reconciliation of Total Governmental Fund Balances

to Net Position of Governmental Activities

June 30, 2016

Total Governmental Fund Balances		$517,540
Amounts reported for governmental activities in the Statement of Net Position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,134,254
Other long-term assets are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds.		
Property Taxes	204,373	
Intergovernmental	12,763	
Total		217,136
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		1,169,437
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(4,251)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	680,974	
Compensated Absences	326,150	
Total		(1,007,124)
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	589,018	
Net Pension Liability	(6,009,434)	
Deferred Inflows - Pension	(494,812)	
Total		(5,915,228)
Net Position of Governmental Activities		($888,236)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2016

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$2,415,489	$480,570	$0	$2,896,059
Intergovernmental	2,888,745	9,522	291,715	3,189,982
Interest	85	0	0	85
Tuition and Fees	177,089	0	0	177,089
Extracurricular Activities	12,385	0	0	12,385
Gifts and Donations	0	0	5,200	5,200
Charges for Services	0	0	69,534	69,534
Miscellaneous	19,096	0	0	19,096
Total Revenues	5,512,889	490,092	366,449	6,369,430
Expenditures				
Current:				
Instruction:				
Regular	242,733	0	0	242,733
Special	300,051	0	0	300,051
Vocational	2,537,751	751	183,539	2,722,041
Adult/Continuing	8,779	0	0	8,779
Student Intervention Services	88,890	0	0	88,890
Support Services:				
Pupil	242,944	0	0	242,944
Instructional Staff	316,820	0	4,895	321,715
Board of Education	74,015	0	0	74,015
Administration	256,617	0	0	256,617
Fiscal	306,831	11,682	0	318,513
Operation and Maintenance of Plant	728,296	1,061,596	0	1,789,892
Central	11,899	0	12,584	24,483
Food Service Operations	0	0	193,198	193,198
Capital Outlay	46,643	228,407	0	275,050
Debt Service:				
Principal Retirement	0	0	67,858	67,858
Interest and Fiscal Charges	0	0	15,513	15,513
Total Expenditures	5,162,269	1,302,436	477,587	6,942,292
Excess of Revenues Over (Under) Expenditures	350,620	(812,344)	(111,138)	(572,862)
Other Financing Sources (Uses)				
Transfers In	0	0	87,271	87,271
Transfers Out	(87,271)	0	0	(87,271)
Total Other Financing Sources (Uses)	(87,271)	0	87,271	0
Net Change in Fund Balances	263,349	(812,344)	(23,867)	(572,862)
Fund Balances Beginning of Year	182,150	757,702	150,550	1,090,402
Fund Balances (Deficit) End of Year	$445,499	($54,642)	$126,683	$517,540

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Reconciliation of the 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		($572,862)
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		
Capital Asset Additions	1,382,465	
Depreciation	(282,136)	
Total		1,100,329
Capital Assets removed from the capital asset account on the Statement of Net Position results in a gain or loss on disposal of capital assets on the Statement of Activities		(1,065)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Property Taxes	(15,254)	
Intergovernmental	11,354	
Total		(3,900)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
General Obligation Bonds		67,858
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.		424
Some expenses 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.		
Compensated Absences Payable		13,493
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		343,131
Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the Statement of Activities.		(265,104)
The internal service fund used by management to charge the costs of insurance to individual funds is included in the Statement of Activities and not on the governmental fund statements. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		51,562
Change in Net Position of Governmental Activities		$733,866

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	$2,365,462	$2,427,612	$2,427,612	$0
Intergovernmental	2,810,838	2,885,702	2,885,702	0
Interest	85	85	85	0
Tuition and Fees	172,851	177,089	177,089	0
Extracurricular Activities	12,385	12,385	12,385	0
Miscellaneous	17,167	17,167	17,221	54
Total Revenues	5,378,788	5,520,040	5,520,094	54
Expenditures				
Current:				
Instruction:				
Regular	254,672	226,011	225,284	727
Special	280,451	298,416	298,376	40
Vocational	2,638,429	2,661,236	2,667,470	(6,234)
Adult/Continuing	8,779	8,779	8,779	0
Student Intervention Services	74,530	88,569	88,562	7
Support Services:				
Pupil	228,513	243,358	243,327	31
Instructional Staff	311,834	318,575	318,535	40
Board of Education	73,334	74,249	74,207	42
Administration	264,771	262,186	262,146	40
Fiscal	290,952	307,436	307,361	75
Operation and Maintenance of Plant	798,034	792,937	792,368	569
Central	13,220	13,220	13,220	0
Total Expenditures	5,237,519	5,294,972	5,299,635	(4,663)
Excess of Revenues Over Expenditures	141,269	225,068	220,459	(4,609)
Other Financing Sources (Uses)				
Advances In	159,499	159,499	56,830	(102,669)
Advances Out	(111,065)	(111,065)	(3,120)	107,945
Transfers In	280,950	280,950	0	(280,950)
Transfers Out	(369,547)	(369,547)	(87,271)	282,276
Total Other Financing Sources (Uses)	(40,163)	(40,163)	(33,561)	6,602
Net Change in Fund Balance	101,106	184,905	186,898	1,993
Fund Balance Beginning of Year	48,769	48,769	48,769	0
Prior Year Encumbrances Appropriated	72,688	72,688	72,688	0
Fund Balance End of Year	$222,563	$306,362	$308,355	$1,993

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Fund Net Position

Proprietary Fund

June 30, 2016

	Governmental Activity
	Internal Service Fund
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	$1,173,314
Accounts Receivable	102,916
Total Assets	$1,276,230
Current Liabilities	
Claims Payable	106,793
Net Position	
Unrestricted	1,169,437
Total Net Position	$1,169,437

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Fund

For the Fiscal Year Ended June 30, 2016

	Governmental Activity
	Internal Service Fund
Operating Revenues	
Charges for Services	$861,000
Other Operating Revenues	10,177
Total Operating Revenues	871,177
Operating Expenses	
Purchased Services	199,172
Claims	633,202
Total Operating Expenses	832,374
Operating Income	38,803
Non-Operating Revenues	
Interest	12,759
Change in Net Position	51,562
Net Position Beginning of Year	1,117,875
Net Position End of Year	$1,169,437

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2016

	Governmental Activity
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	$861,000
Cash Payments for Goods and Services	(199,172)
Cash Payments for Claims	(933,524)
Cash Received from Other Operating Revenue	230,685
Net Cash Used for Operating Activities	(41,011)
Cash Flows from Investing Activities	
Interest	12,759
Net Cash Provided by Investing Activities	12,759
Net Decrease in Cash and Cash Equivalents	(28,252)
Cash and Cash Equivalents Beginning of Year	1,201,566
Cash and Cash Equivalents End of Year	$1,173,314
Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating Income	$38,803
Increase in Accounts Receivable	(23,930)
Decrease in Claims Payable	(55,884)
Net Cash Used for Operating Activities	($41,011)

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2016

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	$32,869
Total Assets	$32,869
Liabilities	
Due to Students	$32,869
Total Liabilities	$32,869

See accompanying notes to the basic financial statements

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Jefferson County Joint Vocational School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five members' schools throughout Jefferson County and one member school from Carroll County.

The School District operates under a nine member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District and one member of Toronto City, Indian Creek Local, Buckeye Local and Edison Local School Districts'.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July 1972 and passed.

Ground breaking occurred on January 26, 1974. September, 1975 the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the School District is staffed by 5 administrative employees, 19 non-certificated employees and 30 certificated personnel who provide services to 288 students and other community members.

Reporting Entity:

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

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

The School District participated in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), and the Coalition of Rural and Appalachian Schools (CORAS), jointly governed organizations, the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) and the Schools of Ohio Risk Sharing Authority (SORSA), insurance purchasing pools, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk-sharing, claims servicing, and insurance purchasing pool. These organizations are presented in Notes 17 and 18.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

> ***General Fund*** - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Permanent Improvement Fund*** **–** The Permanent Improvement Fund is used to account for a permanent improvement levy used to finance various capital projects at the School District.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

> ***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, prescription drug and dental claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net positions and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The School District's fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resource measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use 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 outflows/deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 12.

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

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. 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 positon 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.

F. Cash and Cash Equivalents

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

During fiscal year 2016, the School District invested in STAROhio. STAROhio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAROhio at the net asset value (NAV) per share provided by STAROhio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAROhio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statues, 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 $85 which includes $7 assigned from other School District funds.

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

G. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the governmental funds represent unexpended revenues restricted for amounts withheld on construction contracts until the successful completion of the contract and amounts required by State Statute to be set aside to create a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

H. Assets Held for Resale

As an integral part of the instructional laboratory experience for the Construction Trades programs, houses are constructed on land owned by the School District for the purpose of being sold at public auction upon completion. Transactions are conducted through the School District's General Fund for reporting purposes.

During fiscal year 2004, the School District completed and sold one house, as well as completed the road and water and sewer assets that were given to the township and county respectively. During fiscal year 2005, the School District completed and sold a second house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2005 activity. During fiscal year 2007, the School District completed and sold a third house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2007 activity. During fiscal year 2008, the School District completed and sold a fourth house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2008 activity. During fiscal year 2010, the School District completed and sold a fifth house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2010 activity. During fiscal year 2013, the School District completed and sold a sixth house and began construction of a seventh house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2013 activity. The value of the seventh home being constructed at June 30, 2016 is $205,961 and is recorded as an asset held for resale at June 30, 2016.

I. 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.

J. Inventory

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

K. Capital Assets

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

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

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	Governmental Activities Estimated Lives
Land Improvements	20 Years
Buildings and Improvements	21-50 Years
Furniture and Equipment	5-25 Years
Vehicles	8 - 15 Years

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position, except for any residual amounts due between governmental and business – type activities, which are presented as internal balances.

M. Compensated Absences

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

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

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

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees will be paid.

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Interfund Activity

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

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

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

P. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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

` ***Assigned:*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the School District Board of Education to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Q. Net Position

Net position represents the difference between assets and liabilities. Net investment 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local receipts restricted for student programs. Of the restricted net position none has resulted from enabling legislation.

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

S. Extraordinary and Special Items

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

T. Estimates

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

U. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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 fiscal year.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2016, the School District implemented Governmental Accounting Standards Board (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 Statement 68, and Amendments to Certain Provisions of GASB Statemetns 67 and 68," GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the School District's financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the School District's financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The School Districts participates in STAROhio which implemented GASB Statement No. 79 for fiscal year 2016. The School District incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 – FUND DEFICIT

At June 30, 2016, the Permanent Improvement Fund had a fund balance deficit of $54,642. The deficit was the result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

Net Change in Fund Balance

	General
GAAP Basis	$263,349
Revenue Accruals	7,205
Advances In	56,830
Expenditure Accruals	(44,194)
Advance Out	(3,120)
Encumbrances	(93,172)
Budget Basis	$186,898

NOTE 6 - DEPOSITS AND INVESTMENTS

State Statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2016, the School District's internal service fund had a balance of $1,173,314 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 18). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

<u>Deposits</u>

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was $833,006. Of the bank balance, $250,000 was covered by Federal Depository

Insurance and the remaining balance of $583,006 was covered by pooled collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District has no policy for custodial risk for deposits beyond the requirements of State Statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2016, the School District only had an investment of $28,543 in STAROhio, the State Treasurer's Investment Pool. This investment has an average maturity of 48.6 days.

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

Credit Risk. STAROhio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 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 in with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Jefferson, Harrison, Carroll and Belmont Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the 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 receivable represents real property and public utility property taxes which were measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2016 was $305,085 in the General Fund and $14,967 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2015, was $317,208 in the General Fund and $15,507 in the Permanent Improvement Capital Projects Fund.

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

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	$927,936,140	75.65%	$962,772,330	74.50%
Public Utility Personal	298,705,590	24.35%	329,554,370	25.50%
	$1,226,641,730	100.00%	$1,292,326,700	100.00%
Tax Rate per $1,000 of assessed valuation	$2.50		$2.50	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2016, consisted of property taxes, interfund, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $204,373 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
REAP Grant	$8,763
High Schools That Work Grant	4,000
Title IIA Grant	995
Workers' Compensation Refund	3,043
Total Intergovernmental Receivables	$16,801

NOTE 9 - INTERNAL BALANCES AND TRANSFERS

Interfund balances at June 30, 2016 consisted of the following individual interfund receivables and payables:

	Interfund Receivable General Fund
Interfund Payable	
Other Nonmajor Governmental	$3,120

The loans were made to the Miscellaneous Federal Grant Funds and the Miscellaneous State Grant Special Revenue Funds. The loans were made to support the programs until grant monies are received to operate the programs.

Interfund transfers for the year ended June 30, 2016 consisted of the following:

	Transfers To Other Non-major Governmental
Transfers from	
General Fund	$87,271

Transfers from the General Fund were used to provide revenue to the Miscellaneous State Grants Special Revenue Fund to cover operating costs and to the Debt Service Fund to provide scheduled debt service payments.

NOTE 10 - CAPITAL ASSETS

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

	Balance 6/30/15	Additions	Deletions	Balance 6/30/16
Nondepreciable Capital Assets:				
Land	$88,229	$0	$0	$88,229
Construction in Progress	89,380	1,167,664	(892,614)	364,430
Total Nondepreciable Capital Assets	177,609	1,167,664	(892,614)	452,659
Depreciable Capital Assets:				
Land Improvements	145,325	5,456	0	150,781
Buildings and Improvements	6,591,185	906,238	0	7,497,423
Furniture and Equipment	2,587,726	195,721	(714,361)	2,069,086
Vehicles	71,883	0	0	71,883
Total Depreciable Capital Assets	9,396,119	1,107,415	(714,361)	9,789,173
Accumulated Depreciation:				
Land Improvements	(64,323)	(9,735)	0	(74,058)
Buildings and Improvements	(4,156,608)	(198,336)	0	(4,354,944)
Furniture and Equipment	(2,281,791)	(71,409)	713,296	(1,639,904)
Vehicles	(36,016)	(2,656)	0	(38,672)
Total Accumulated Depreciation	(6,538,738)	(282,136)	713,296	(6,107,578)
Total Depreciable Capital Assets, Net	2,857,381	825,279	(1,065)	3,681,595
Governmental Capital Assets, Net	$3,034,990	$1,992,943	($893,679)	$4,134,254

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Vocational	$243,024
Adult/Continuing	226
Support Services:	
Administration	7,933
Fiscal	1,983
Operation of Maintenance and Plant	24,858
Food Service Operations	4,112
Total Depreciation Expense	$282,136

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016 the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 18) for property, general liability, and auto insurance. Coverages provided are as follows:

A. Property and Liability

Property - Including Inland Marine and Miscellaneous Equipment:	
Building and Contents-replacement cost (no deductible)	$21,233,202
Crime Cover:	
Employee Dishonesty	$100,000
Forgery	$100,000
Computer Fraud	$100,000
Theft, Disappearance, and Destruction	$100,000
General Liability:	
Each Occurance	5,000,000
Aggregated Limit	7,000,000
Automobile Liability:	
Owned/Leased Vehicles	15,000,000
Medical Payments - Occurance	10,000
Medical Payments - Aggregate	25,000
Uninsured Motorist - Occurance	1,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

In addition, insurance coverage through Westfield Insurance Company is provided for builders risk insurance for the housing division subdivision project at Breezewood Manor. It provides coverage for $100,000 liability and $1,000 inland marine with no deductibles.

B._Worker's Compensation

For fiscal year 2016, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

C. Employee Benefits

Medical/surgical, prescription drug, life and dental insurance are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical/surgical/prescription drug coverage is based on a usual, customary, and reasonable claim plan. The Board's share of the premiums for this coverage is $1,205.51 for individual coverage per month and $2,394.49 for family coverage per month which represents 95 percent of the total premium for the certified staff and 95 percent of the total premium for the classified staff. The premium is paid from the fund that pays the salary of the covered employee Premiums for the dental coverage are $108.16 per month for family coverage and $48.82 per month for single coverage for all staff the Board's share of dental coverage premiums are 95 percent for the certified staff and 95 percent for the classified staff.

The claims liability of $106,793 reported in the Internal Service Fund at June 30, 2016 is based on an estimate calculated by averaging the past three fiscal years claims payable amounts and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

Program	Beginning Balance	Current Year Claims		Claims Payments		Ending Balance
Self Insurance - Health						
2015	$159,492	$776,015		$772,830		$162,677
2016	162,677	736,118	(1)	792,002	(2)	106,793

(1) Claims Expense	$633,202	
+Stop Loss Receivable	102,916	
Current Year Claims	$736,118	
(2) Cash Payments for Claims		$933,524
- Stop Loss Received for 2016 Claims		(141,522)
Claims Payments		$792,002

NOTE 12 - 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 School 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 School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State Statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefit	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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was $73,266 for fiscal year 2016. Of this amount, $2,944 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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, 2015, the calculation is 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 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year 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, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School 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 School District's contractually required contribution to STRS was $269,865 for fiscal year 2016. Of this amount, $37,219 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.01718500%	0.01863591%	
Proportion of the Net Pension Liability Current Measurement Date	0.01668270%	0.01829970%	
Change in Proportionate Share	-0.00050230%	-0.00033621%	
Proportionate Share of the Net Pension Liability	$951,931	$5,057,503	$6,009,434
Pension Expense	$53,263	$211,841	$265,104

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$15,328	$230,559	$245,887
School District contributions subsequent to the measurement date	73,266	269,865	343,131
Total Deferred Outflows of Resources	$88,594	$500,424	$589,018
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$31,541	$363,730	$395,271
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	22,149	77,392	99,541
Total Deferred Inflows of Resources	$53,690	$441,122	$494,812

$343,131 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	($18,530)	($101,430)	($119,960)
2018	(18,530)	(101,430)	(119,960)
2019	(18,603)	(101,430)	(120,033)
2020	17,301	93,727	111,028
Total	($38,362)	($210,563)	($248,925)

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

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 an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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	100.00 %	

"In April 2016, the SERS board adopted an assumption change in the discount rate from 7.75 percent to 7.5 percent."

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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 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	$1,319,986	$951,931	$641,998

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	12.25 percent at age 20 to 2.75 percent at age 70
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 commences 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 no 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.

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

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return *
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	100.00 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

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.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 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	$7,025,252	$5,057,503	$3,393,476

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2016, no members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statute provides 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 School District's surcharge obligation was $7,186.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $4,046, and $722, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were $0, $0 and $19,418, respectively. The full amount has been contributed for 2016, 2015 and 2014.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

B. Other Insurance Benefits

The Board pays 100 percent of the premiums for life and vision coverage. Life insurance is provided through MetLife. Coverage is in the amount of $45,000 for all certified teachers and classified employees at a total monthly premium of $7.07 and coverage of $50,000 for administrators at a total monthly premium of $7.85. The School District provides vision insurance through Vision Service Plan at a cost of $9.18 for single coverage and $20.53 for family coverage per month.

NOTE 15 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2016 were as follows:

	Outstanding 6/30/15	Additions	Deductions	Outstanding 6/30/16	Amounts Due Within One Year
2010 Energy Conservation Qualified School Construction Bonds:					
Serial Bonds, $1,078,690 @ 2.170%	$748,832	$0	$67,858	$680,974	$69,331
Total General Obligation Bonds	748,832	0	67,858	680,974	69,331
Compensated Absences	339,643	57,539	71,032	326,150	31,484
Other Long-Tem Obligations					
Net Pension Liability *					
STRS	4,532,899	524,604	0	5,057,503	0
SERS	869,723	82,208	0	951,931	0
Total Net Pension Liability	5,402,622	606,812	0	6,009,434	0
Total Long-Term Obligations	$6,491,097	$664,351	$138,890	$7,016,558	$100,815

*For additional information related to net pension liability, see Note 12.

2010 Energy Conservation Qualified School Construction Bonds – On March 17, 2010, Jefferson County Joint Vocational School District issued $1,078,690 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 2.170 percent interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA/Negative from Standard & Poor's for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Principal and Interest requirements to retire the remaining outstanding qualified school construction bonds for the 2010 Energy Conservation Bonds outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	$69,331	$14,025	$83,356
2018	70,835	12,504	83,339
2019	72,373	10,951	83,324
2020	73,943	9,363	83,306
2021	75,548	7,741	83,289
2022-2025	318,944	14,026	332,970
Total	$680,974	$68,610	$749,584

The School District's voted legal debt margin was $115,628,429 with an unvoted debt margin of $1,292,327, at June 30, 2016.

Compensated absences will be paid from the General Fund.

The School District pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 16 - COMMITMENTS

A. Construction Commitments

On February 18, 2016, the School District entered into an agreement with N.F. Mansuetto & Sons, Inc., in the amount of $687,275 for completion of Phase III roof replacement project. As of June 30, 2016, $322,845 of the contract remains outstanding.

B. Encumbrances

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

Major Funds:	
General	$93,172
Permanent Improvement	653,762
Other Non-major Governmental Funds	3,045
Total	$749,979

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant’s control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. The School District did not participate in the natural gas sales service program. During fiscal year 2016, the total amount paid to OME-RESA from the School District was $9,468 for technology services and $9,064 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including over 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercise total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was $325 for fiscal year 2016.

NOTE 18 - PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of $595 for policy year 2016 was paid to CompManagement, Inc.

Schools of Ohio Risk Sharing Authority (SORSA) – The School District participates in the Schools of Ohio Risk Sharing Authority, a protected self-insurance purchasing pool under the authority of Ohio Revised Code 2744. One hundred eight school districts, educational service centers and joint vocational school districts participate in the SORSA. SORSA is governed by a board of trustees elected by members. Member school districts agree to jointly participated in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public official's errors and omissions liability insurance.

B. Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

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

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2004, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statue.

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

	Capital Improvements	Budget Stabilization
Set-aside Restricted Balance as of June 30, 2015	$0	$17,604
Current Year Set-aside Requirement	60,425	0
Current Year Offsets	(490,632)	0
Totals	($430,207)	$17,604
Balance Carried Forward to Fiscal Year 2017	$0	$17,604
Set-aside Restricted Balance as of June 30, 2016	$0	$17,604

The School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future years. The School District also had prior year capital expenditures from note and bond proceeds that may be carried forward to offset future set-aside requirements, if needed. The total restricted balance for the set-asides at the end of the fiscal year was $17,604.

NOTE 20 - CONTINGENCIES

A. Grants

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

B. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective as of 2015-2016 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 school 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, 2016 Foundation funding for the school district; therefore, the financial statement impact is not fully determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

C. Litigation

The School District is currently not a party to any pending litigation.

D. Paid Up Oil and Gas Lease

The Board of Education has entered into a “Paid-Up” Oil and Gas Lease effective October 12, 2011 and continuing for a period of five years with Hess Ohio Resources, LLC. In consideration of the execution of the leases, the School District received a bonus of $445,540 during fiscal year 2012. The School District has a total of 89.108 acres subject to the lease provisions which call for payments or royalties to the School District (Lessor), in addition to the bonus. The royalties will be 18.75 percent of the gross price paid to Hess Ohio Resources, LLC (Lessee) for such gas oil, and other hydrocarbons so produced and marketed from the leased premises. The total carrying value of the land leased is $87,355. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

E. Tax Increment Financing

Business Development On November 17, 2015 the Board of Education of the Jefferson County Joint Vocational School District adopted a resolution waiving statutory notice required under Ohio Revised Code Sections 5709.40, 5709.83, and 5715.27 in connection with a Tax Increment Financing ordinance adopted by the Steubenville City Council. As of June 30, 2016, no receivable exists.

NOTE 21 – SUBSEQUENT EVENT DISCLOSURE

Tax Levy - On July 19, 2016, the Board of Education passed a resolution to place a renewal 1 mill, ten year general operating levy for the purpose of providing for current expenses, for the purchasing of equipment for buildings, and for improving the buildings on the November 8, 2016 ballot. The levy was approved by the residents.

Oil and Gas Lease - On September 20, 2016, the Board of Education approved an addendum to the oil and gas lease agreement with Ascent Resources – Utica, LLC, previously with Hess Ohio Resources, LLC. The oil and gas lease has been amended to extend the lease period from October 12, 2011 to October 11, 2019. The amendment calls for a bonus payment of $285,585 tendered in three payments as follows: $118,846 within ninety days of receipt of order of payment, $83,369 on or before October 11, 2017, and $83,370 on or before October 11, 2018.

Sale of Assets – On September 20, 2016, the Board of Education passed a resolution approving a listing agreement with Gary W. Cain Realtors and Auctioneers to handle the auction of house seven and property located at Breezewood Manor.

Required

Supplementary

Information

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Three Fiscal Years (1)**

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.01668270%	0.01718500%	0.01718500%
School District's Proportionate Share of the Net Pension Liability	$951,931	$869,723	$1,021,937
School District's Covered-Employee Payroll	$504,173	$500,996	$476,847
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	188.81%	173.60%	214.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

Jefferson County Joint Vocational School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

*Last Three Fiscal Years (1)**

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.01829970%	0.01863591%	0.01863591%
School District's Proportionate Share of the Net Pension Liability	$5,057,503	$4,532,899	$5,399,559
School District's Covered-Employee Payroll	$1,940,271	$1,900,685	$1,893,638
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	260.66%	238.49%	285.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

Jefferson County Joint Vocational School District

Required Supplementary Information

Schedule of School District Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$73,266	$66,450	$69,438	$65,996
Contributions in Relation to the Contractually Required Contribution	(73,266)	(66,450)	(69,438)	(65,996)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered-Employee Payroll	$523,329	$504,173	$500,996	$476,847
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
$63,589	$62,752	$61,279	$46,375	$46,582	$49,509
(63,589)	(62,752)	(61,279)	(46,375)	(46,582)	(49,509)
$0	$0	$0	$0	$0	$0
$472,780	$499,221	$452,574	$471,278	$474,356	$463,567
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Jefferson County Joint Vocational School District

Required Supplementary Information

Schedule of School District Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$269,865	$271,638	$247,089	$246,173
Contributions in Relation to the Contractually Required Contribution	(269,865)	(271,638)	(247,089)	(246,173)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered-Employee Payroll	$1,927,607	$1,940,271	$1,900,685	$1,893,638
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
$265,545	$287,921	$280,017	$275,466	$269,748	$269,478
(265,545)	(287,921)	(280,017)	(275,466)	(269,748)	(269,478)
$0	$0	$0	$0	$0	$0
$2,042,651	$2,214,776	$2,153,669	$2,118,969	$2,074,987	$2,072,908
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomingdale, Ohio 43910

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Joint Vocational School District, (the District) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 21, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2018

JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 10, 2018

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