



TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2017

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Trimble Local School District, Athens County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 1, 2018

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For the Fiscal Year Ended June 30, 2017

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Trimble Local School District, Athens County, Ohio (the School District), as of and for the year ended June 30, 2017, and related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio as of June 30, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund and Title I Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 4-15 and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2017, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

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

November 30, 2017

TRIMBLE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

(Unaudited)

The management discussion and analysis of the Trimble Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ▶ The assets and deferred outflows of Trimble Local School District exceeded its liabilities and deferred inflows at June 30, 2017 by \$4,659,969. Of this amount, \$11,921,770 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining deficit of \$7,261,801 represents unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$1,073,213 which represents a 29.92 percent increase from 2016.
- ▶ General revenues accounted for \$9,914,182, or 69.65 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,320,548 or 30.35 percent of total revenues of \$14,234,730.
- ▶ The District had \$13,161,517 in expenses related to governmental activities; only \$4,320,548 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$9,914,182 were used to provide for the remainder of these programs.
- ▶ The District recognizes two major governmental funds: the General Fund and Title I Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$11,746,930 in revenues and \$10,071,221 in expenditures in fiscal year 2017.

Using this Annual Report

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

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

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

Governmental Funds

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

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2017 compared to fiscal year 2016:

Table 1
Net Position at Year End
Governmental Activities

	2017	2016
<u>Assets:</u>		
Current and Other Assets	\$10,251,211	\$8,560,591
Capital Assets, net	11,857,368	11,946,123
<i>Total Assets</i>	<u>22,108,579</u>	<u>20,506,714</u>
<u>Deferred Outflows of Resources:</u>		
Pension	3,000,955	1,408,113
<i>Total Deferred Outflows of Resources</i>	<u>3,000,955</u>	<u>1,408,113</u>
<u>Liabilities:</u>		
Current and Other Liabilities	1,081,186	1,290,311
Long-Term Liabilities:		
Due Within One Year	358,175	269,142
Due in More Than One Year:		
Net Pension Liability	16,023,562	13,142,259
Other Amounts	1,610,629	1,418,133
<i>Total Liabilities</i>	<u>19,073,552</u>	<u>16,119,845</u>
<u>Deferred Inflows of Resources:</u>		
Property Taxes	1,154,685	1,154,053
Pension	221,328	1,054,173
<i>Total Deferred Inflows of Resources</i>	<u>1,376,013</u>	<u>2,208,226</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	10,439,784	10,896,058
Restricted	1,481,986	1,007,406
Unrestricted	(7,261,801)	(8,316,708)
<i>Total Net Position</i>	<u>\$4,659,969</u>	<u>\$3,586,756</u>

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

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

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

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

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

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

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

Current and other assets increased \$1,690,620 from fiscal year 2017 due to an increase in cash and cash equivalents which is the result of revenues exceeding expenses. Capital assets decreased by \$88,755, due to current year depreciation exceeding capital asset additions.

Current (other) liabilities decreased by \$209,125 or 16.21 percent, due to a decrease in accounts payable and accrued wages and benefits.

Long-term liabilities increased by \$3,162,832 or 21.33 percent, due primarily to the increase in net pension liability.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

The District's smallest portion of net position is unrestricted, and carries a deficit balance of \$7,261,801. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$1,481,986 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2017 and provides a comparison to fiscal year 2016.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<u>Revenues:</u>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$725,536	\$778,149
Operating Grants and Contributions	3,595,012	3,047,591
<i>General Revenues:</i>		
Property Taxes	1,076,351	980,080
Unrestricted Grants and Entitlements	8,655,995	8,284,211
Payment in Lieu of Taxes	0	3,923
Investment Earnings	53,140	12,334
Gain on the Sale of Capital Assets	5,397	0
Insurance Recoveries	63,845	0
Miscellaneous	59,454	57,237
<i>Total Revenues</i>	<u>14,234,730</u>	<u>13,163,525</u>

(Continued)

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 2
Changes in Net Position

	2017	2016
<u>Expenses:</u>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	5,337,043	4,696,224
Special	2,167,421	2,000,270
Vocational	0	19,422
Student Intervention Services	61,084	89,477
Other	10,916	83,289
<i>Support Services:</i>		
Pupils	423,178	343,776
Instructional Staff	361,100	229,150
Board of Education	180,999	119,088
Administration	904,469	790,754
Fiscal	222,068	188,429
Operation and Maintenance of Plant	1,754,116	1,090,808
Pupil Transportation	739,627	583,048
Central	5,533	90,871
<i>Operation of Non-Instructional Services:</i>		
Food Service	651,854	683,605
Community Service	33,526	1,882
Extracurricular Activities	247,428	234,253
Interest and Fiscal Charges	61,155	40,166
<i>Total Expenses</i>	13,161,517	11,284,512
<i>Change in Net Position</i>	1,073,213	1,879,013
Net Position - Beginning of Year	3,586,756	1,707,743
Net Position - End of Year	\$4,659,969	\$3,586,756

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The most significant program expenses for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration, and Pupil Transportation. These programs account for 82.84 percent of the total governmental activities. Regular Instruction, which accounts for 40.55 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 16.47 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 13.33 percent of the total, represent costs associated with operating and maintaining the District's facilities. Administration, which represents 6.87 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Pupil Transportation, which represents 5.62 percent of the total, represents costs associated with student transportation to and from school.

As noted previously, the net position for the governmental activities increased \$1,073,213 or 29.92 percent. This is a change from last year when net position increased \$1,879,013 or 110.03 percent. Total revenues increased \$1,071,205 or 8.14 percent from last year and expenses increased \$1,877,005 or 16.63 percent from last year.

The District had a program revenue increase of \$494,808 and an increase in general revenue of \$576,397. The increase in program revenue is due primarily to an increase in operating grants and the increase in general revenue is due mostly to an increase in unrestricted grants revenue.

The total expenses for governmental activities increased \$1,877,005 or 16.63 percent, primarily due to an increase in operation and maintenance of plant and regular instruction.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 7.56 percent and intergovernmental revenue made up 86.06 percent of the total revenue for the governmental activities in fiscal year 2017.

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

The District's intergovernmental revenue consists primarily of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2017, the District received \$9,848,584 through the State's foundation program, which represents 69.19 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Instruction accounts for 57.57 percent of governmental activities program expenses. Support services expenses make up 34.88 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2017 compared with fiscal year 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2017	2017	2016	2016
<i><u>Program Expenses:</u></i>				
Instruction	\$7,576,464	\$4,591,182	\$6,888,682	\$4,349,562
Support Services	4,591,090	3,830,558	3,435,924	2,772,042
Operation of Non-Instructional Services	685,380	164,303	685,487	143,888
Extracurricular Activities	247,428	193,771	234,253	153,114
Interest and Fiscal Charges	61,155	61,155	40,166	40,166
Total Expenses	<u>\$13,161,517</u>	<u>\$8,840,969</u>	<u>\$11,284,512</u>	<u>\$7,458,772</u>

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$15,498,218 and expenditures and other financing uses of \$13,832,145.

The fund balances of the total governmental funds increased by \$1,666,073 or 31.18 percent. The increase in fund balance for the year was most significant in the General Fund which increased \$1,340,366 or 27.68 percent, and was primarily the result of an increase in intergovernmental revenue and proceeds from long-term loans during the current year.

The District should remain stable in fiscal years 2018 and 2019. However, projections beyond fiscal year 2019 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

During the course of fiscal year 2017, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

For the General Fund, the final budget basis revenue was \$11,707,087, representing an increase of \$445,672 or 3.96 percent from the original budget estimate of \$11,261,415. The increase was the result of increased expectations for intergovernmental revenue. The final budget basis expenditures were \$10,164,789 representing a decrease of \$1,476,464 or 12.68 percent from the original budget basis expenditures of \$11,641,253. The decrease was primarily due to decreases in regular instruction, special instruction and administration and pupil transportation expenditure functions.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$25,290,168 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of \$13,432,800. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$55,370	\$55,370
<i>Depreciable Capital Assets:</i>		
Land Improvements	809,968	789,357
Buildings and Improvements	21,921,507	21,518,230
Furniture, Fixtures and Equipment	1,361,983	1,322,045
Vehicles	1,141,340	1,068,487
<i>Total Capital Assets</i>	<u>25,290,168</u>	<u>24,753,489</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements	659,056	630,147
Buildings and Improvements	11,250,136	10,733,373
Furniture, Fixtures and Equipment	953,748	854,638
Vehicles	569,860	589,208
<i>Total Accumulated Depreciation</i>	<u>13,432,800</u>	<u>12,807,366</u>
Capital Assets, Net	<u>\$11,857,368</u>	<u>\$11,946,123</u>

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

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Debt Administration

At June 30, 2017, the District had \$1,636,080 in general obligation debt outstanding with \$275,898 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2017 compared to fiscal year 2016.

Table 5
Outstanding Debt, Governmental Activities at Year End

<u>Purpose</u>	<u>2017</u>	<u>2016</u>
2006 Bond Refinancing	\$370,000	\$385,637
Roof Project Note	495,000	655,000
Department of Administration Services Loan	219,869	237,031
Energy Optimizers Loan	<u>551,211</u>	<u>0</u>
Total	<u>\$1,636,080</u>	<u>\$1,277,668</u>

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

Current Issues

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

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

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

Externally, the District is largely depended on State funding sources at 90%. State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen a slight decline in student enrollment in the past several years; however, the beginning of the most recent school year there was an increase in enrollment, improving the standing of the District due to the high reliance on per pupil funding the State utilizes.

TRIMBLE LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

This District was notified by a structural engineer that the WPA Football Stadium was unsafe and beyond repair. Therefore, for safety reasons the District has undertaken actions to tear the stadium down for the safety of the students and community, with plans of a new stadium being erected in its place barring any issues with proper permitting from the State of Ohio.

The District also began renovating its HVAC controls in FY17. The project continues with the need to replace the Chiller at the Glouster High School building with a cost of approximately \$232,000 to be completed in March of 2018. The replacement of the Chiller will be accompanied by the replacement of two rooftop units at the Jacksonville Elementary/Middle School Building, one as an insurance claim and the other as part of the Capital Improvement Plan replacement schedule that was put in place in December of 2015.

The District is also in the process of acquiring additional property from Buckingham Coal Company. Buckingham Coal Company will be selling the property to the District for \$1.00, the Property will be used as a land lab and cross country course, as well as a garage being used to relocate the existing Bus Garage Facility.

The District must continue to be vigilant in its financial planning even as revenues from the State increase due to the volatility in being 90% funded by the State.

Contacting the District's Financial Management

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

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,946,305
Cash and Cash Equivalents in Segregated Accounts	250
Property Taxes Receivable	1,594,650
Intergovernmental Receivable	710,006
Nondepreciable Capital Assets	55,370
Depreciable Capital Assets, Net	<u>11,801,998</u>
<i>Total Assets</i>	<u>22,108,579</u>
<u>Deferred Outflows of Resources:</u>	
Pension	<u>3,000,955</u>
<i>Total Deferred Outflows of Resources</i>	<u>3,000,955</u>
<u>Liabilities:</u>	
Accounts Payable	45,570
Accrued Wages and Benefits	816,207
Contracts Payable	39,322
Intergovernmental Payable	150,875
Matured Compensated Absences Payable	24,053
Accrued Interest Payable	5,159
<i>Long-Term Liabilities:</i>	
Due within One Year	358,175
<i>Due in More Than One Year:</i>	
Net Pension Liability	16,023,562
Other Amounts Due in More Than One Year	<u>1,610,629</u>
<i>Total Liabilities</i>	<u>19,073,552</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes	1,154,685
Pension	<u>221,328</u>
<i>Total Deferred Inflows of Resources</i>	<u>1,376,013</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	10,439,784
<i>Restricted for:</i>	
Capital Outlay	592,123
Debt Service	180,112
Other Purposes	709,751
Unrestricted	<u>(7,261,801)</u>
<i>Total Net Position</i>	<u><u>\$4,659,969</u></u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL 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
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$5,337,043	\$648,731	\$553,593	(\$4,134,719)
Special	2,167,421	0	1,735,313	(432,108)
Vocational	0	0	4,992	4,992
Student Intervention Services	61,084	0	42,653	(18,431)
Other	10,916	0	0	(10,916)
<i>Support Services:</i>				
Pupils	423,178	0	0	(423,178)
Instructional Staff	361,100	0	113,653	(247,447)
Board of Education	180,999	0	0	(180,999)
Administration	904,469	0	70,308	(834,161)
Fiscal	222,068	0	0	(222,068)
Operation and Maintenance of Plant	1,754,116	0	48,152	(1,705,964)
Pupil Transportation	739,627	0	528,419	(211,208)
Central	5,533	0	0	(5,533)
<i>Operation of Non-Instructional Services:</i>				
Food Service	651,854	24,468	496,609	(130,777)
Community Service	33,526	0	0	(33,526)
Extracurricular Activities	247,428	52,337	1,320	(193,771)
Interest and Fiscal Charges	61,155	0	0	(61,155)
Total Governmental Activities	\$13,161,517	\$725,536	\$3,595,012	(8,840,969)
<u>General Revenues:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				809,716
Capital Outlay				202,109
Debt Service				51,921
Classroom Maintenance				12,605
Grants and Entitlements not Restricted to Specific Programs				8,655,995
Investment Earnings				53,140
Insurance Recoveries				63,845
Miscellaneous				59,454
Gain on the Sale of Capital Assets				5,397
Total General Revenues				9,914,182
Change in Net Position				1,073,213
<i>Net Position at Beginning of Year</i>				<u>3,586,756</u>
<i>Net Position at End of Year</i>				<u><u>\$4,659,969</u></u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2017*

	<u>General</u>	<u>Title I</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,901,441	\$0	\$1,044,864	\$7,946,305
Cash and Cash Equivalents in Segregated Accounts	0	0	250	250
Property Taxes Receivable	1,215,058	0	379,592	1,594,650
Interfund Receivable	71,283	0	0	71,283
Intergovernmental Receivable	669	227,320	482,017	710,006
<i>Total Assets</i>	<u>\$8,188,451</u>	<u>\$227,320</u>	<u>\$1,906,723</u>	<u>\$10,322,494</u>
<u>Liabilities:</u>				
Accounts Payable	\$2,836	\$34,779	\$7,955	\$45,570
Accrued Wages and Benefits	684,905	66,141	65,161	816,207
Contracts Payable	0	0	39,322	39,322
Intergovernmental Payable	145,179	2,226	3,470	150,875
Matured Compensated Absences Payable	8,282	0	15,771	24,053
Interfund Payable	0	46,240	25,043	71,283
<i>Total Liabilities</i>	<u>841,202</u>	<u>149,386</u>	<u>156,722</u>	<u>1,147,310</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes	1,163,218	0	363,398	1,526,616
Intergovernmental	669	227,320	410,735	638,724
<i>Total Deferred Inflows of Resources</i>	<u>1,163,887</u>	<u>227,320</u>	<u>774,133</u>	<u>2,165,340</u>
<u>Fund Balances:</u>				
Nonspendable	10,014	0	0	10,014
Restricted	0	0	1,042,686	1,042,686
Assigned	2,092,167	0	0	2,092,167
Unassigned	4,081,181	(149,386)	(66,818)	3,864,977
<i>Total Fund Balances</i>	<u>6,183,362</u>	<u>(149,386)</u>	<u>975,868</u>	<u>7,009,844</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,188,451</u>	<u>\$227,320</u>	<u>\$1,906,723</u>	<u>\$10,322,494</u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2017*

Total Governmental Funds Balances		\$7,009,844
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and and therefore are not reported in the funds.		11,857,368
Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	371,931	
Intergovernmental	<u>638,724</u>	
Total receivables that are deferred in the funds		1,010,655
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
General obligation bonds	(370,000)	
Long-term notes	(495,000)	
Ohio Department of Administrative Services energy loan	(219,869)	
Energy Optimizer loan	(551,211)	
Accrued interest on bonds	(5,159)	
Capital leases	(1,373)	
Compensated absences	<u>(331,351)</u>	
Total liabilities not reported in funds		(1,973,963)
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	3,000,955	
Deferred Inflows - Pension	(221,328)	
Net Pension Liability	<u>(16,023,562)</u>	
Total		<u>(13,243,935)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$4,659,969</u></u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Title I	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$804,358	\$0	\$268,865	\$1,073,223
Intergovernmental	10,192,223	577,424	1,240,176	12,009,823
Interest	52,340	0	800	53,140
Tuition and Fees	642,599	0	0	642,599
Extracurricular Activities	1,021	0	51,316	52,337
Gifts and Donations	5,940	0	2,520	8,460
Charges for Services	6,132	0	24,468	30,600
Miscellaneous	42,317	0	17,137	59,454
<i>Total Revenues</i>	<u>11,746,930</u>	<u>577,424</u>	<u>1,605,282</u>	<u>13,929,636</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,514,068	69,219	298,336	4,881,623
Special	1,322,727	425,357	213,738	1,961,822
Student Intervention Services	22,122	35,818	0	57,940
Other	10,916	0	0	10,916
<i>Support Services:</i>				
Pupils	385,727	0	950	386,677
Instructional Staff	239,909	70,741	28,265	338,915
Board of Education	174,862	0	5,590	180,452
Administration	770,604	10,040	30,308	810,952
Fiscal	197,536	0	2,026	199,562
Operation and Maintenance of Plant	1,593,670	0	16,262	1,609,932
Pupil Transportation	599,244	0	188,533	787,777
Operation of Non-Instructional Services	0	0	610,168	610,168
Extracurricular Activities	128,528	0	69,255	197,783
Capital Outlay	30,090	0	525,096	555,186
<i>Debt Service:</i>				
Principal Retirement	52,703	0	215,000	267,703
Interest and Fiscal Charges	28,515	0	26,182	54,697
<i>Total Expenditures</i>	<u>10,071,221</u>	<u>611,175</u>	<u>2,229,709</u>	<u>12,912,105</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,675,709</u>	<u>(33,751)</u>	<u>(624,427)</u>	<u>1,017,531</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Long-Term Loan	578,697	0	0	578,697
Insurance Recoveries	0	0	63,845	63,845
Transfers In	0	0	920,040	920,040
Proceeds from the Sale of Capital Assets	6,000	0	0	6,000
Transfers Out	(920,040)	0	0	(920,040)
<i>Total Other Financing Sources (Uses)</i>	<u>(335,343)</u>	<u>0</u>	<u>983,885</u>	<u>648,542</u>
<i>Net Change in Fund Balances</i>	1,340,366	(33,751)	359,458	1,666,073
<i>Fund Balances at Beginning of Year</i>	4,842,996	(115,635)	616,410	5,343,771
<i>Fund Balances at End of Year</i>	<u>\$6,183,362</u>	<u>(\$149,386)</u>	<u>\$975,868</u>	<u>\$7,009,844</u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balances - Total Governmental Funds \$1,666,073

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (88,152)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (603)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:

Property taxes	3,128
Intergovernmental	232,724
	235,852

Total revenues not reported in the funds 235,852

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 267,703

In the statement of activities, interest is accrued on outstanding bonds and bond accretion is amortized over the term of the bonds, whereas in governmental funds, and interest expenditure is reported when due:

Interest on bonds	(2,812)
Accretion on bonds	(3,646)
	(6,458)

Total expenses not reported in the funds (6,458)

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities: Proceeds from long-term loan (578,697)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Compensated absences 33,111

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 787,268

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,242,884)

Change in Net Position of Governmental Activities \$1,073,213

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$757,750	\$785,234	\$785,234	\$0
Intergovernmental	9,820,165	10,184,994	10,192,223	7,229
Interest	20,000	46,026	52,340	6,314
Tuition and Fees	663,500	641,346	642,599	1,253
Extracurricular Activities	0	1,021	1,021	0
Charges for Services	0	5,404	6,132	728
Contributions and Donations	0	4,940	5,940	1,000
Miscellaneous	0	38,122	42,317	4,195
<i>Total Revenues</i>	11,261,415	11,707,087	11,727,806	20,719
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,756,480	4,485,426	4,577,459	(92,033)
Special	1,720,935	1,371,627	1,412,475	(40,848)
Vocational	25,000	5,000	5,000	0
Student Intervention Services	24,150	23,891	22,122	1,769
Other	120,000	15,090	15,090	0
<i>Support Services:</i>				
Pupils	529,862	379,953	389,947	(9,994)
Instructional Staff	292,816	230,855	235,882	(5,027)
Board of Education	161,266	179,460	175,656	3,804
Administration	1,093,032	804,958	824,089	(19,131)
Fiscal	222,900	199,523	203,101	(3,578)
Operation and Maintenance of Plant	1,659,638	1,621,772	1,604,101	17,671
Pupil Transportation	750,100	601,522	618,226	(16,704)
Extracurricular Activities	169,755	128,692	128,609	83
Capital Outlay	42,385	44,086	39,086	5,000
<i>Debt Service:</i>				
Principal	44,648	44,648	44,648	0
Interest	28,286	28,286	28,286	0
<i>Total Expenditures</i>	11,641,253	10,164,789	10,323,777	(158,988)
<i>Excess of Revenues Over (Under) Expenditures</i>	(379,838)	1,542,298	1,404,029	(138,269)
<u>Other Financing Sources (Uses):</u>				
Bonds Issued	578,697	578,697	578,697	0
Proceeds from the Sale of Capital Assets	3,000	6,000	6,000	0
Other Financing Sources	(1,000,000)	(250,000)	0	250,000
Transfers Out	(600,000)	(850,000)	(920,040)	(70,040)
<i>Total Other Financing Sources (Uses)</i>	(1,018,303)	(515,303)	(335,343)	179,960
<i>Net Change in Fund Balances</i>	(1,398,141)	1,026,995	1,068,686	41,691
<i>Fund Balance at Beginning of Year</i>	5,663,742	5,663,742	5,663,742	0
Prior Year Encumbrances Appropriated	102,512	102,512	102,512	0
<i>Fund Balance at End of Year</i>	\$4,368,113	\$6,793,249	\$6,834,940	\$41,691

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title I Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$275,353	\$943,737	\$616,851	(\$326,886)
<i>Total Revenues</i>	<u>275,353</u>	<u>943,737</u>	<u>616,851</u>	<u>(326,886)</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	68,815	599,518	99,403	500,115
Special	200,602	200,602	435,809	(235,207)
Student Intervention Services	0	0	41,548	(41,548)
<i>Support Services:</i>				
Instructional Staff	0	0	72,835	(72,835)
Administration	0	0	8,846	(8,846)
<i>Total Expenditures</i>	<u>269,417</u>	<u>800,120</u>	<u>658,441</u>	<u>141,679</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,936</u>	<u>143,617</u>	<u>(41,590)</u>	<u>(185,207)</u>
<i>Net Change in Fund Balances</i>	5,936	143,617	(41,590)	(185,207)
<i>Fund Balance at Beginning of Year</i>	(73,835)	(73,835)	(73,835)	0
Prior Year Encumbrances Appropriated	<u>34,408</u>	<u>34,408</u>	<u>34,408</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>(\$33,491)</u>	<u>\$104,190</u>	<u>(\$81,017)</u>	<u>(\$185,207)</u>

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	<u>\$42,324</u>	<u>\$21,920</u>
<i>Total Assets</i>	<u><u>\$42,324</u></u>	<u><u>\$21,920</u></u>
<u>Liabilities:</u>		
<i>Current Liabilities:</i>		
Undistributed Monies	<u>\$0</u>	<u>\$21,920</u>
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$21,920</u></u>
<u>Net Position:</u>		
Held in Trust for Scholarships	<u>42,324</u>	
<i>Total Net Position</i>	<u><u>\$42,324</u></u>	

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$12
<i>Total Additions</i>	12
<u>Deductions:</u>	
Payment in Accordance with Trust Agreement	1,800
<i>Change in Net Position</i>	(1,788)
<i>Net Position at Beginning of Year</i>	44,112
<i>Net Position at End of Year</i>	\$42,324

See accompanying notes to the basic financial statements.

TRIMBLE LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

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

The District serves an area of approximately 39 square miles. It is located in Athens County. It is staffed by 49 non-certificated employees, 67 certificated full-time teaching personnel, and 10 administrative employees who provide services to 848 students and other community members. The District currently operates three instructional buildings, a bus garage, and an athletic complex.

Reporting Entity

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

The following are the District's major governmental funds:

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

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

For fiscal year 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. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$52,340, which includes \$6,440 assigned from other District funds.

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

F. Inventory

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

G. 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.

H. Capital Assets

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

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

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

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

K. Pensions

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

L. Accrued Liabilities and Long-Term Liabilities

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

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

M. Net Position

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

N. Fund Balance Classifications

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

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

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

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

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

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

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

O. Interfund Transactions

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

P. Estimates

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

Q. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2017.

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

NOTE 3 - NEW GASB PRONOUNCEMENTS

For fiscal year 2017, the District implemented GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans", GASB Statement No. 80, "Blending Requirements for Certain Component Units", and GASB Statement No. 82, "Pension Issues." The implementation of GASB Statements Nos. 74, 77, 78, 80 and 82 had no effect on the prior period fund balances of the District.

TRIMBLE LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>	<u>Title I Fund</u>
Budget Basis	\$1,068,686	(\$41,590)
<i>Adjustments:</i>		
Revenue Accruals	(25,267)	(39,427)
Expenditure Accruals	154,159	12,487
Encumbrances	137,783	34,779
<i>Prospective Difference:</i>		
Activity of Funds Reclassified For		
GAAP Reporting Purposes	<u>5,005</u>	<u>0</u>
GAAP Basis	<u>\$1,340,366</u>	<u>(\$33,751)</u>

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 5 -ACCOUNTABILITY

Fund balances at June 30, 2017 included the following individual fund deficits:

Title I	\$149,386
<i>Nonmajor Special Revenue Funds:</i>	
Lunchroom	33,236
Title VI-B	24,701
Preschool Handicapped Grant	1,064
Title II A	7,817

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

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

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

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

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

As of June 30, 2017, the District's bank balance of \$3,363,070 was either covered by the FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

Investments

As of June 30, 2017, the District had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>
STAR Ohio	\$4,647,479	\$4,647,479

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

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

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

For fiscal year 2017, the District followed Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” for its investments. Accordingly, the District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the District’s recurring fair value measurements as of June 30, 2017. The District only has STAR Ohio as an investment which is valued at its net asset value per share.

NOTE 7 - PROPERTY TAXES

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 7 - PROPERTY TAXES - (Continued)

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

Public utility property tax revenue received in calendar year 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 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by Athens County by June 30, 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 receivables represent delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2017. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2017 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amounts available as an advance at June 30, 2017 were \$51,840 for the General Fund, \$796 for the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, \$3,482 for the Bond Retirement Nonmajor Debt Service Fund and \$11,917 Permanent Improvement Nonmajor Capital Project Fund.

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	\$39,252,640	91.73%	\$38,283,920	88.55%
Public Utility Personal	3,536,820	8.27%	4,950,330	11.45%
Total Assessed Value	<u>\$42,789,460</u>	<u>100.00%</u>	<u>\$43,234,250</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation	\$34.34		\$34.34	

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 8 – RECEIVABLES

Receivables at June 30, 2017, consisted of property taxes, intergovernmental grants, accounts (student fees) and interfund. The District believes that all receivables are considered fully collectible within one year due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General	\$669
Title I	227,320
<i>Nonmajor Special Revenue Funds:</i>	
Title VI-B	141,537
School Improvement Grant	110,622
Preschool Handicapped Grant	2,588
Title II-A	46,070
Miscellaneous Federal Grants	<u>181,200</u>
Total Intergovernmental Receivables	<u><u>\$710,006</u></u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$55,370	\$0	\$0	\$55,370
Total Nondepreciable Capital Assets	55,370	0	0	55,370
<i>Depreciable Capital Assets:</i>				
Land Improvements	789,357	20,611	0	809,968
Buildings and Improvements	21,518,230	403,277	0	21,921,507
Furniture, Fixtures and Equipment	1,322,045	52,650	(12,712)	1,361,983
Vehicles	1,068,487	184,132	(111,279)	1,141,340
Total Depreciable Capital Assets	24,698,119	660,670	(123,991)	25,234,798
Total Capital Assets	24,753,489	660,670	(123,991)	25,290,168
<i>Accumulated Depreciation:</i>				
Land Improvements	(630,147)	(28,909)	0	(659,056)
Buildings and Improvements	(10,733,373)	(516,763)	0	(11,250,136)
Furniture, Fixtures and Equipment	(854,638)	(111,219)	12,109	(953,748)
Vehicles	(589,208)	(91,931)	111,279	(569,860)
Total Accumulated Depreciation	(12,807,366)	(748,822)	123,388	(13,432,800)
Total Net Capital Assets	<u>\$11,946,123</u>	<u>(\$88,152)</u>	<u>(\$603)</u>	<u>\$11,857,368</u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$289,355
Special	130,244
<i>Support Services:</i>	
Pupils	20,939
Instructional Staff	9,147
Administration	48,651
Fiscal	10,621
Operation and Maintenance of Plant	23,028
Pupil Transportation	92,069
Central	884
<i>Operation of Non-Instructional Services:</i>	
Food Service	82,121
Extracurricular Activities	<u>41,763</u>
Total Depreciation Expense	<u><u>\$748,822</u></u>

NOTE 10 - RISK MANAGEMENT

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 10 - RISK MANAGEMENT - (Continued)

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

<u>Property</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
General Liability:		
Each Occurrence	Nil	\$4,000,000
Aggregate Limit		\$6,000,000
Educator's Legal Liability	\$2,500	4,000,000/6,000,000
Employment Practices	2,500	4,000,000/6,000,000
Fiduciary Liability Employment Benefits Liability	2,500	4,000,000/6,000,000
Employers Liability	Nil	4,000,000
Property District Values by Statement	1,000	38,358,750
Boiler and Machinery	1,000	38,358,750
Crime – Money and Securities	1,000	50,000
Crime – Employee Theft	1,000	100,000
Fleet		4,000,000
Physical Damage	1,000	

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2016.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$218,880 for fiscal year 2017.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2016, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 65 with five years of qualifying service credit, or age 55 with 25 years of service, or 31 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2017, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and was increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$568,388 for fiscal year 2017. Of this amount \$103,576 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.04952200%	0.03732843%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.04893050%</u>	<u>0.03717114%</u>	
Change in Proportionate Share	<u>-0.00059150%</u>	<u>-0.00015729%</u>	
Proportionate Share of the Net Pension Liability	\$3,581,261	\$12,442,301	\$16,023,562
Pension Expense	\$429,399	\$813,485	\$1,242,884

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$48,305	\$502,727	\$551,032
Net Difference between Projected and Actual Investment Earnings	295,401	1,033,045	1,328,446
Changes of Assumptions	239,069	0	239,069
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	95,140	0	95,140
District Contributions Subsequent to the Measurement Date	218,880	568,388	787,268
Total Deferred Outflows of Resources	\$896,795	\$2,104,160	\$3,000,955
Deferred Inflows of Resources			
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	\$0	\$221,328	\$221,328
Total Deferred Inflows of Resources	\$0	\$221,328	\$221,328

\$787,268 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$189,838	\$174,935	\$364,773
2019	189,625	174,935	364,560
2020	213,537	571,339	784,876
2021	84,915	393,235	478,150
Total	\$677,915	\$1,314,444	\$1,992,359

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.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, are presented below:

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

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

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

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$4,741,367	\$3,581,261	\$2,610,205

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
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	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 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, 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$16,534,807	\$12,442,301	\$8,990,031

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 District's net pension liability is expected to be significant.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 12 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

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

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2017, the health care allocation is 0 percent. An addition health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$18,576, \$24,799 and \$15,898, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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

State Teachers Retirement System

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

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0 for each year.

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

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

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

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

Insurance Benefits

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

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

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

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

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

Dental coverage is provided through CoreSource. Monthly premiums remained \$49.55 for all employees in fiscal year 2017.

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2017 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at June 30, 2016	Additions	Deductions	Principal Outstanding at June 30, 2017	Amount Due In One Year
<i><u>Governmental Activities:</u></i>							
Bond Refinancing Issue	2006	4.09%	\$370,000	\$0	\$0	\$370,000	\$55,000
Bond Refinancing	2006		15,637	0	15,637	0	0
Bond Refinancing Issue - Capital Appreciation Bonds			35,717	3,646	39,363	0	0
Roofing Project Note			655,000	0	160,000	495,000	160,000
Department of Administrative Services Loan			237,031	0	17,162	219,869	17,334
Energy Optimizers Loan			0	578,697	27,486	551,211	43,564
Total General Obligation Bonds			<u>1,313,385</u>	<u>582,343</u>	<u>259,648</u>	<u>1,636,080</u>	<u>275,898</u>
Net Pension Liability:							
STRS		N/A	10,316,486	2,125,815	0	12,442,301	0
SERS		N/A	2,825,773	755,488	0	3,581,261	0
Total Net Pension Liability			<u>13,142,259</u>	<u>2,881,303</u>	<u>0</u>	<u>16,023,562</u>	<u>0</u>
Capital Leases Payable			9,428	0	8,055	1,373	1,373
Compensated Absences Payable		N/A	364,462	137,697	170,808	331,351	80,904
Total Governmental Activities Long-Term Obligations			<u>\$14,829,534</u>	<u>\$3,601,343</u>	<u>\$438,511</u>	<u>\$17,992,366</u>	<u>\$358,175</u>

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

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The capital appreciation bonds mature in fiscal years 2016 and 2017. The maturity amount of the capital appreciation bonds is \$115,000. For fiscal year 2017, the capital appreciation bonds accreted \$3,646.

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

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

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

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District's voted legal debt margin was \$2,255,003 with an unvoted debt margin of \$43,234 at June 30, 2017.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Administrative Services		Roofing Project Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$55,000	\$14,556	\$17,334	\$1,618	\$160,000	\$7,553
2019	60,000	12,112	17,508	1,486	165,000	4,595
2020	60,000	9,562	17,684	1,355	170,000	1,547
2021	60,000	7,013	17,861	1,222	0	0
2022	65,000	4,357	18,039	1,088	0	0
2023-2027	70,000	1,488	92,947	3,375	0	0
2028-2029	0	0	38,496	336	0	0
Total	<u>\$370,000</u>	<u>\$49,088</u>	<u>\$219,869</u>	<u>\$10,480</u>	<u>\$495,000</u>	<u>\$13,695</u>

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30	Energy Optimizers Loan		Total	
	Principal	Interest	Principal	Interest
2018	\$43,654	\$36,511	\$275,988	\$60,238
2019	46,751	33,415	289,259	51,608
2020	50,064	30,101	297,748	42,565
2021	53,615	26,551	131,476	34,786
2022	57,417	22,748	140,456	28,193
2023-2027	299,710	47,674	462,657	52,537
2028-2029	0	0	38,496	336
Total	<u>\$551,211</u>	<u>\$197,000</u>	<u>\$1,636,080</u>	<u>\$270,263</u>

NOTE 15- CAPITAL LEASES - LESSEE DISCLOSURE

In 2012, the District has entered into lease agreements for copiers. These lease obligations meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 62, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments in fiscal year 2017 totaled \$8,055 in the governmental funds.

The equipment has been capitalized in the amount of \$37,260, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of June 30, 2017, was \$14,905, leaving a remaining book value of \$22,355.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2017:

Fiscal Year Ending June 30	General Long-Term Obligations
2018	<u>\$1,381</u>
Total Future Minimum Lease Payments	1,381
Less: Amount Representing Interest	<u>(8)</u>
Present Value of Net Minimum Lease Payments	<u>\$1,373</u>

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2017, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$71,283	\$0
Title I Fund	0	46,240
<i>Nonmajor Special Revenue Funds:</i>		
Title VI-B	0	15,752
School Improvement Grant	0	2,271
Preschool Handicapped Grant	0	709
Title II A	0	5,035
Miscellaneous Federal Grants	0	1,276
Total Nonmajor Special Revenue Funds	0	25,043
Total	\$71,283	\$71,283

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of \$71,283 due to the General Fund from the funds listed is a result of advances made to these funds by the General Fund, which were not repaid as of June 30, 2017.

	Transfers To		
Transfers From	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
General	\$70,040	\$850,000	\$920,040

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of \$920,040 is the result of transfers from the General Fund to the finance various programs accounted for in other funds in accordance with budgetary authorizations.

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 17- FUND BALANCES

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

	General	Title I	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>				
Unclaimed Monies	\$10,014	\$0	\$0	\$10,014
<i>Total Nonspendable</i>	10,014	0	0	10,014
<i>Restricted:</i>				
<i>Special Revenues:</i>				
Scholarship	0	0	3,843	3,843
Facilities Maintenance	0	0	135,871	135,871
Athletics	0	0	41,821	41,821
Local Grants	0	0	137,783	137,783
State Grants	0	0	1,503	1,503
Federal Grants	0	0	28,655	28,655
Debt Service	0	0	166,236	166,236
Capital Projects	0	0	526,974	526,974
<i>Total Restricted</i>	0	0	1,042,686	1,042,686
<i>Assigned:</i>				
<i>Encumbrances:</i>				
Regular Instruction	6,405	0	0	6,405
Special Instruction	86,879	0	0	86,879
Vocational Instruction	5,000	0	0	5,000
Pupils	2,893	0	0	2,893
Instructional Staff	341	0	0	341
Administration	24,825	0	0	24,825
Operation and Maintenance of Plant	2,446	0	0	2,446
Capital Outlay	8,994	0	0	8,994
Future Appropriations	1,954,025	0	0	1,954,025
Library Automation	359	0	0	359
<i>Total Assigned</i>	2,092,167	0	0	2,092,167
<i>Unassigned</i>	4,081,181	(149,386)	(66,818)	3,864,977
Total Fund Balances	\$6,183,362	(\$149,386)	\$975,868	\$7,009,844

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 18 - STATUTORY SET-ASIDES

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

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2017:

	<u>Capital Improvement</u>
Set-Aside Balance as of July 1, 2016	\$0
Current Year Set-Aside Requirement	145,071
Qualifying Disbursements	<u>(145,071)</u>
Total	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2017	<u><u>\$0</u></u>

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

NOTE 19- ENCUMBRANCE COMMITMENTS

At June 30, 2017, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$137,783
Title I	34,779
 <u>Nonmajor Funds</u>	
Permanent Improvement	45,656
School Improvement Grant	2,400
Miscellaneous Federal Grants	<u>161,359</u>
<i>Total Nonmajor Funds</i>	<u>209,415</u>
 Total Encumbrances	 <u><u>\$381,977</u></u>

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

META Solutions

Meta Solutions is a jointly governed organization as a regional council of governments pursuant to State statutes. Meta Solutions develops, implements, and supports the technology and instructional needs of member districts including financial accounting services, educational management information services, and cooperative purchasing services. META Solutions membership consists of 152 public schools, 11 educational service centers, 15 career technology centers, and more than 200 non-public chartered schools. Non-public charter schools are not members but receive services based on contractual agreements and are not eligible for seats on the board of directors. Each member district pays an annual fee for services provided by META Solutions. META Solutions is governed by an 11-member board of directors made up of Superintendents and School Business Officials selected from the 178 member public school districts. The board of directors controls the budget and finances of META Solutions. The continued existence of META Solutions is not dependent on the District's continued participation and no equity interest exists. Financial statements for META Solutions can be obtained from the META Solutions office, 2100 Citygate Drive, Columbus, Ohio 43219. The District made payments of \$58,234 to META Solutions for fiscal year 2017.

Tri - County Career Center

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

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or a financial responsibility for the Council. The District did not pay the Coalition for services in fiscal year 2017.

NOTE 21- INSURANCE PURCHASING AND CLAIMS SERVICING POOLS

Sheakley Worker's Compensation Group Rating Program

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

TRIMBLE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

Athens County School Employee Health and Welfare Benefit Association

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

NOTE 22 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. School Foundation

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 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 District.

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

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

(1) Information prior to 2013 is not available.

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

Changes in Assumptions : For fiscal year 2017, SERS reported changes of assumptions which included a reduction in the discount rate from 7.75 percent to 7.50 percent, a decrease of wage inflation from 3.25 percent to 3.00 percent, a reduction in investment rate of return from 7.75 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Blue Collar Mortality Table for the purpose of developing mortality rates.

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

	2017	2016	2015	2014	2013
<u>School Employees Retirement System of Ohio</u>					
Contractually Required Contributions	\$218,880	\$252,480	\$245,928	\$186,461	\$186,655
Contributions in Relation to the Contractually Required Contributions	(218,880)	(252,480)	(245,928)	(186,461)	(186,655)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$1,563,429	\$1,803,429	\$1,865,918	\$1,345,318	\$1,348,661
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%
<u>State Teachers Retirement System of Ohio</u>					
Contractually Required Contributions	\$568,388	\$508,912	\$546,240	\$513,624	\$520,297
Contributions in Relation to the Contractually Required Contributions	(568,388)	(508,912)	(546,240)	(513,624)	(520,297)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$4,059,914	\$3,635,086	\$3,901,714	\$3,950,953	\$4,002,285
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available.

Changes in Assumptions : For fiscal year 2017, SERS reported changes of assumptions which included a reduction in the discount rate from 7.75 percent to 7.50 percent, a decrease of wage inflation from 3.25 percent to 3.00 percent, a reduction in investment rate of return from 7.75 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Blue Collar Mortality Table for the purpose of developing mortality rates.

TRIMBLE LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2017

Federal Grantor / Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Pass Through Amount	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>							
<i>Passed Through Ohio Department of Education:</i>							
<i>Nutrition Cluster:</i>							
School Breakfast Program	2016/2017	10.553	\$0	\$153,453	\$0	\$153,453	\$0
National School Lunch Program	2016/2017	10.555	0	325,999	38,923	325,999	38,923
Total Nutrition Cluster			0	479,452	38,923	479,452	38,923
Total U.S. Department of Agriculture			0	479,452	38,923	479,452	38,923
<u>U.S. Department of Education</u>							
<i>Passed Through Ohio Department of Education:</i>							
<i>Title I Cluster:</i>							
Title I Grants to Local Educational Agencies	2016	84.010	0	183,827	0	141,775	0
Title I Grants to Local Educational Agencies	2017	84.010	0	449,837	0	498,347	0
Total Title I Cluster			0	633,664	0	640,122	0
<i>Special Education Cluster:</i>							
Special Education - Grants to States (IDEA Part B)	2016	84.027	0	50,208	0	35,939	0
Special Education - Grants to States (IDEA Part B)	2017	84.027	0	157,467	0	173,219	0
Special Education - Preschool Grants	2017	84.173	0	7,093	0	7,802	0
Special Education - Preschool Grants	2016	84.173	0	2,475	0	1,772	0
Total Special Education Cluster			0	217,243	0	218,732	0
Twenty-First Century Community Learning Centers	2017	84.287	0	96,749	0	96,783	0
Twenty-First Century Community Learning Centers	2017	84.287	0	82,767	0	82,801	0
Twenty-First Century Community Learning Centers	2016	84.287	0	71,990	0	71,990	0
Total Twenty-First Century Community Learning Centers			0	251,506	0	251,574	0
Rural Education	2016	84.358	0	4,065	0	2,912	0
Rural Education	2017	84.358	0	12,084	0	13,293	0
Total Rural Education			0	16,149	0	16,205	0
Improving Teacher Quality	2016	84.367	0	16,938	0	12,131	0
Improving Teacher Quality	2017	84.367	0	50,352	0	55,387	0
Total Improving Teacher Quality			0	67,290	0	67,518	0
Total U.S. Department of Education			0	1,185,852	0	1,194,151	0
Total Federal Financial Assistance			\$0	\$1,665,304	\$38,923	\$1,673,603	\$38,923

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

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Trimble Local School District's (the School District) under programs of the federal government for the fiscal year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements for Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Trimble Local School District (the School District), Athens County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

J. L. Uhrig and Associates, Inc.

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

November 30, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the Trimble Local School District (the School District), Athens County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the School District's major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material aspects, with the compliance requirements referred to above that could directly and materially affect its major federal program identified in the *Summary of Auditor's Results* in the accompanying schedule of findings for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Trimble Local School District is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the applicable requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

J. L. Uhrig and Associates, Inc.

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

November 30, 2017

TRIMBLE LOCAL SCHOOL DISTRICT

Schedule of Findings

For the Fiscal Year Ended June 30, 2017

A. SUMMARY OF AUDITOR'S RESULTS

1.	<i>Type of Financial Statement Opinion</i>	Unmodified
2.	<i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
3.	<i>Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</i>	No
4.	<i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
5.	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
6.	<i>Were there any other significant internal control deficiency reported for major federal programs?</i>	No
7.	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
8.	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
9.	<i>Major Programs (list):</i>	CFDA # 84.010 – Title I
10.	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: All Other Programs
11.	<i>Low Risk Auditee under 2 CFR §200.520?</i>	Yes

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

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

C. FINDINGS FOR FEDERAL AWARDS

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

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Dave Yost • Auditor of State

TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2018**