



OHIO AUDITOR OF STATE
KEITH FABER



**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

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MARION COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Tri-Rivers Joint Vocational School District
Marion County
2222 Marion-Mt. Gilead Road
Marion, Ohio 43302

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-Rivers Joint Vocational School District, Marion County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

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 business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 26 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2022

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Tri-Rivers Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of Tri-Rivers Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2021 are as follows:

Net position increased \$756,742 (11 percent) and \$87,098 (4 percent) for governmental activities and business-type activities, respectively.

General revenues were \$9,688,653, or 75 percent of all governmental activities revenues.

For business-type activities, 99 percent of total revenues were generated by the programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Tri-Rivers Joint Vocational School District as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in a single column. For Tri-Rivers Joint Vocational School District, the General Fund, the Building capital projects fund, and the Adult Education enterprise fund are the most significant funds.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2021. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Tri-Rivers Joint Vocational School District
Management's Discussion and Analysis
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These statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the School District discloses two types of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the costs of the goods or services provided. The Adult Education, Food Service, and Rotary (vocational programs) funds are reported as business-type activities.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, the Building capital projects fund, and the Adult Education enterprise fund.

Governmental Funds - The School District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The School District's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the School District's operations.

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 on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's short-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 help make this comparison between governmental funds and governmental activities.

Enterprise Funds - Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Tri-Rivers Joint Vocational School District
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Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2021 and fiscal year 2020:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current and Other Assets	\$14,580,101	\$12,781,489	\$99,478	(\$125,354)	\$14,679,579	\$12,656,135
Net OPEB Asset	567,341	509,026	150,812	135,310	718,153	644,336
Capital Assets, Net	7,995,079	8,369,496	480,141	489,024	8,475,220	8,858,520
Total Assets	23,142,521	21,660,011	730,431	498,980	23,872,952	22,158,991
<u>Deferred Outflows of Resources</u>						
Pension	2,535,358	2,085,189	592,087	571,586	2,930,010	2,338,842
OPEB	444,326	199,989	99,125	75,199	493,033	204,011
Total Deferred Outflows of Resources	2,979,684	2,285,178	691,212	646,785	3,423,043	2,542,853
<u>Liabilities</u>						
Current and Other Liabilities	864,082	809,674	119,853	116,292	983,935	925,966
Long-Term Liabilities						
Pension	11,087,173	9,346,120	2,654,485	2,292,318	13,741,658	11,638,438
OPEB	1,030,531	1,029,446	181,857	196,083	1,212,388	1,225,529
Other Amounts	1,153,893	1,229,475	92,044	114,297	1,245,937	1,343,772
Total Liabilities	14,135,679	12,414,715	3,048,239	2,718,990	17,183,918	15,133,705
<u>Deferred Inflows of Resources</u>						
Pension	230,668	882,449	148,085	325,996	181,318	890,512
OPEB	1,301,098	1,027,999	306,874	269,432	1,557,554	1,226,254
Other Amounts	2,909,904	2,831,912	0	0	2,909,904	2,831,912
Total Deferred Inflows of Resources	4,441,670	4,742,360	454,959	595,428	4,648,776	4,948,678
<u>Net Position</u>						
Net Investment in Capital Assets	7,219,523	7,555,543	474,216	477,292	7,693,739	8,032,835
Restricted	245,316	211,555	0	0	245,316	211,555
Unrestricted (Deficit)	80,017	(978,984)	(2,555,771)	(2,645,945)	(2,475,754)	(3,624,929)
Total Net Position (Deficit)	7,544,856	\$6,788,114	(\$2,081,555)	(\$2,168,653)	\$5,463,301	\$4,619,461

The net pension liability and net OPEB liability (asset) reported by the School District at June 30, 2021, are reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", respectively. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

Tri-Rivers Joint Vocational School District
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GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability (asset) to equal the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB Statements No. 68 and No. 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in the net pension liability and the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Tri-Rivers Joint Vocational School District
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Pension/OPEB related changes noted in the above table reflect an overall increase in deferred outflows and decrease in deferred inflows. The increase in the net pension asset and the net pension liability and decrease in the net OPEB liability represents the School District’s proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension/OPEB liability.

Aside from the changes related to pension/OPEB, there were a few other changes of note from the prior fiscal year as noted in the above table. For governmental activities, the increase in current and other assets was primarily due to an increase in cash and cash equivalents resulting from a 4 percent increase in revenues and a 7 percent decrease in expenses. The decrease in net capital assets was primarily due to annual depreciation. The decrease in other long-term liabilities is the result of scheduled debt retirement.

The most significant change for business-type activities, other than pension/OPEB related changes, is the increase in current and other assets. This is primarily due to a decrease in the internal balance from the prior fiscal year (internal balances-receivables/payables between governmental and business-type activities are reported within current and other assets). The decrease in other long-term liabilities is largely due to fewer individuals meeting the criteria for future severance payments.

Table 2 reflects the change in net position for fiscal year 2021 and fiscal year 2020.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$779,786	\$687,611	\$1,786,944	\$1,736,993	\$2,566,730	\$2,424,604
Operating Grants and Contributions	2,468,025	2,269,406	1,089,934	492,776	3,557,959	2,762,182
Total Program Revenues	<u>3,247,811</u>	<u>2,957,017</u>	<u>2,876,878</u>	<u>2,229,769</u>	<u>6,124,689</u>	<u>5,186,786</u>
General Revenues						
Property Taxes	4,712,469	4,478,251	0	0	4,712,469	4,478,251
Grants and Entitlements not Restricted to Specific Programs	4,814,529	4,780,865	0	0	4,814,529	4,780,865
Interest	19,129	180,816	0	0	19,129	180,816
Gifts and Donations	880	1,430	0	0	880	1,430
Other	141,646	62,036	27,349	13,774	168,995	75,810
Total General Revenues	<u>9,688,653</u>	<u>9,503,398</u>	<u>27,349</u>	<u>13,774</u>	<u>9,716,002</u>	<u>9,517,172</u>
Total Revenues	<u>12,936,464</u>	<u>12,460,415</u>	<u>2,904,227</u>	<u>2,243,543</u>	<u>15,840,691</u>	<u>14,703,958</u>

(continued)

Tri-Rivers Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Expenses</u>						
Instruction:						
Regular	\$370,833	\$339,498	\$0	\$0	\$370,833	\$339,498
Special	434,838	435,018	0	0	434,838	435,018
Vocational	5,753,546	6,101,369	0	0	5,753,546	6,101,369
Adult/Continuing	100,960	241,969	0	0	100,960	241,969
Support Services:						
Pupils	713,953	622,731	0	0	713,953	622,731
Instructional Staff	463,253	578,734	0	0	463,253	578,734
Board of Education	153,954	172,247	0	0	153,954	172,247
Administration	1,517,947	1,610,727	0	0	1,517,947	1,610,727
Fiscal	609,845	584,827	0	0	609,845	584,827
Business	143,108	147,287	0	0	143,108	147,287
Operation of Maintenance of Plant	1,198,312	1,270,870	0	0	1,198,312	1,270,870
Pupil Transportation	23,487	18,857	0	0	23,487	18,857
Central	601,519	849,575	0	0	601,519	849,575
Non-Instructional Services	0	1,244	0	0	0	1,244
Extracurricular Activities	30,109	48,753	0	0	30,109	48,753
Interest and Fiscal Charges	19,562	43,007	0	0	19,562	43,007
Adult Education	0	0	2,565,535	2,343,411	2,565,535	2,343,411
Food Service	0	0	298,759	240,418	298,759	240,418
Rotary	0	0	(2,669)	29,416	(2,669)	29,416
Total Expenses	<u>12,135,226</u>	<u>13,066,713</u>	<u>2,861,625</u>	<u>2,613,245</u>	<u>14,996,851</u>	<u>15,679,958</u>
Increase (Decrease) in Net Position Before Transfers	801,238	(606,298)	42,602	(369,702)	843,840	(976,000)
Transfers	(44,496)	(82,207)	44,496	82,207	0	0
Increase (Decrease) in Net Position	756,742	(688,505)	87,098	(287,495)	843,840	(976,000)
Net Position (Deficit) at Beginning of Year	6,788,114	7,476,619	(2,168,653)	(1,881,158)	4,619,461	5,595,461
Net Position (Deficit) at End of Year	<u>\$7,544,856</u>	<u>\$6,788,114</u>	<u>(\$2,081,555)</u>	<u>(\$2,168,653)</u>	<u>\$5,463,301</u>	<u>\$4,619,461</u>

For governmental activities, there was a 10 percent increase in program revenues. Charges for services increased from an increase in tuition and fees (largely open enrollment). The increase in operating grants and contributions was from a combination of grant funding increases (vocational and student wellness funding) and from the receipt of COVID relief resources. The increase in general revenues was not significant; however, there was a decrease in interest revenue based on lower interest rates and market values and an increase in other revenue due to workers' compensation reimbursements. The decrease in expenses was due in part to operating on a hybrid schedule which reduced supplies costs, deferring planned projects due to the pandemic (repairs or upgrades), and eliminating some duplicated positions as individuals retiring were transitioned out.

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For business-type activities, the increase in total revenues was due to additional grant funding (such as free lunch program) as well as from COVID relief resources. The increase in expenses was generally salary and benefit costs. The decrease in the Rotary Fund was related to the change in pension/OPEB expense.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction:				
Regular	\$370,833	\$339,498	\$370,833	\$339,498
Special	434,838	435,018	91,921	92,101
Vocational	5,753,546	6,101,369	3,578,723	4,011,901
Adult/Continuing	100,960	241,969	(143,859)	(67,418)
Support Services:				
Pupils	713,953	622,731	559,871	520,255
Instructional Staff	463,253	578,734	463,253	578,734
Board of Education	153,954	172,247	153,954	172,247
Administration	1,517,947	1,610,727	1,186,777	1,540,458
Fiscal	609,845	584,827	609,845	584,827
Business	143,108	147,287	143,108	147,287
Operation and Maintenance of Plant	1,198,312	1,270,870	1,198,312	1,270,870
Pupil Transportation	23,487	18,857	23,487	18,857
Central	601,519	849,575	601,519	849,575
Non-Instructional Services	0	1,244	0	(41,256)
Extracurricular Activities	30,109	48,753	30,109	48,753
Interest and Fiscal Charges	19,562	43,007	19,562	43,007
Total Expenses	<u>\$12,135,226</u>	<u>\$13,066,713</u>	<u>\$8,887,415</u>	<u>\$10,109,696</u>

A review of the above table illustrates that there was a decrease in the portion of program costs (approximately 73 percent for fiscal year 2021 and 77 percent for fiscal year 2020) provided for through general revenues (property taxes and unrestricted state entitlements). Program revenues provide for few costs of services, generally offsetting instruction costs with tuition and grants.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting.

Fund balance increased almost 20 percent in the General Fund from the prior fiscal year. There was a modest 3 percent increase in revenues. Expenses decreased 16 percent due to eliminating staff duplications, reducing repair projects, and General Fund costs being paid from COVID relief resources in special revenue funds.

There was no change in fund balance in the Building Fund capital projects fund.

Tri-Rivers Joint Vocational School District
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The School District's enterprise funds are accounted for using the accrual basis of accounting. The only major enterprise fund is the Adult Education Fund. There was a modest 3 percent increase in net position; however, the fund continues to operate in a deficit.

Budgetary Highlights

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

During fiscal year 2021, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. For expenditures, the original budget was comparable to the final budget in total; however, actual expenditures were \$1.5 million less than final budgeted amounts due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$7,995,079 invested in capital assets (net of accumulated depreciation) for governmental activities. Additions included completion of the roof and chiller projects, and miscellaneous equipment. Disposals included asphalt replacement and buses.

The business-type activities had a \$480,141 invested in capital assets (net of accumulated depreciation). Additions were not significant and there were no disposals.

For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Debt

At June 30, 2021, the School District's outstanding debt consisted of notes, in the amount of \$685,780, and capital leases, in the amount of \$140,228, for governmental activities. Business-type activities had outstanding capital leases, in the amount of \$5,925.

In addition to the debt outlined above, the School District's long-term obligations also include compensated absences and the net pension/OPEB liability. For further information regarding the School District's long-term obligations, refer to Notes 17 and 18 to the basic financial statements.

Current Issues

Tri-Rivers Joint Vocational School District is in a primarily residential/farming area of the State covering Crawford, Delaware, Hardin, Marion, Morrow, Union, and Wyandot counties.

Tri-Rivers Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

In June 1978, the School District passed a 2.1 mill continuing levy that generates approximately \$2 million. In November 2011, the School District renewed a 1.3 mill five-year operating levy that generates approximately \$1,561,000 annually. This levy was again renewed for a five-year period on the November 2017 ballot. The School District placed this levy on the 2021 ballot as a continuing levy with tax collections to begin in 2023. The voters approved the continuing levy with a 57 percent approval. In May 2014, the School District renewed a 1 mill operating levy that generates approximately \$1,000,000 annually. This levy had previously been a five-year levy but was approved as a continuing levy.

Challenges for the School District include ever increasing costs of health care. In January 2010, the School District converted from a fully self-insured health plan for medical and prescription drug coverage to a public entity shared risk pool. Participation in the shared risk pool has been financially beneficial to date.

The new school funding formula implemented for the 2021-2022 school year resulted in Tri-Rivers once again being on the guarantee with no additional significant funding. The new school funding formula does incorporate increases based on enrollment. The Tri-Rivers enrollment has improved over the past few years but continues to be a challenge to increase as many associate schools are now offering career technical education programs and students are also choosing the route of college credit plus. The School District strives to reduce costs at every possible opportunity as well as reviewing current and new programs to provide necessary programs to help with workforce needs in the Marion and surrounding areas.

In May 2019, the Board of Education and the teachers union negotiated a new three-year contract. The contract covers fiscal years 2020 through 2022. Salary increases are 3 percent each year over the three-year contract period. The Board of Education is set to begin contract negotiations in the spring of 2022.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tammi Cowell, Treasurer, Tri-Rivers Joint Vocational School District, 2222 Marion-Mt. Gilead Road, Marion, Ohio 43302.

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Tri-Rivers Joint Vocational School District
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total*</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,600,545	\$51,386	\$9,651,931
Accrued Interest Receivable	2,701	0	2,701
Accounts Receivable	0	24,045	24,045
Intergovernmental Receivable	105,902	87,547	193,449
Internal Balances	65,595	(65,595)	0
Prepaid Items	3,371	0	3,371
Inventory Held for Resale	0	1,023	1,023
Materials and Supplies Inventory	15,207	1,072	16,279
Property Taxes Receivable	4,786,780	0	4,786,780
Net OPEB Asset	567,341	150,812	718,153
Nondepreciable Capital Assets	252,977	0	252,977
Depreciable Capital Assets, Net	7,742,102	480,141	8,222,243
Total Assets	<u>23,142,521</u>	<u>730,431</u>	<u>23,872,952</u>
<u>Deferred Outflows of Resources:</u>			
Pension	2,535,358	592,087	2,930,010
OPEB	444,326	99,125	493,033
Total Deferred Outflows of Resources	<u>2,979,684</u>	<u>691,212</u>	<u>3,423,043</u>
<u>Liabilities:</u>			
Accounts Payable	33,919	5,228	39,147
Accrued Wages and Benefits Payable	649,706	85,495	735,201
Contracts Payable	3,168	0	3,168
Matured Compensated Absences Payable	39,283	0	39,283
Special Termination Benefits Payable	30,175	0	30,175
Intergovernmental Payable	106,448	29,130	135,578
Accrued Interest Payable	1,383	0	1,383
Long-Term Liabilities			
Due Within One Year	231,763	15,744	247,507
Due in More Than One Year	922,130	76,300	998,430
Net Pension Liability	11,087,173	2,654,485	13,741,658
Net OPEB Liability	1,030,531	181,857	1,212,388
Total Liabilities	<u>14,135,679</u>	<u>3,048,239</u>	<u>17,183,918</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	2,909,904	0	2,909,904
Pension	230,668	148,085	181,318
OPEB	1,301,098	306,874	1,557,554
Total Deferred Inflows of Resources	<u>4,441,670</u>	<u>454,959</u>	<u>4,648,776</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	7,219,523	474,216	7,693,739
Restricted For			
Other Purposes	245,316	0	245,316
Unrestricted (Deficit)	80,017	(2,555,771)	(2,475,754)
Total Net Position (Deficit)	<u>\$7,544,856</u>	<u>(\$2,081,555)</u>	<u>\$5,463,301</u>

*After deferred outflows and deferred inflows related to the change in internal proportionate share of pension/OPEB related items have been eliminated.

See Accompanying Notes to Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$370,833	\$0	\$0
Special	434,838	0	342,917
Vocational	5,753,546	448,616	1,726,207
Adult/Continuing	100,960	0	244,819
Support Services:			
Pupils	713,953	0	154,082
Instructional Staff	463,253	0	0
Board of Education	153,954	0	0
Administration	1,517,947	331,170	0
Fiscal	609,845	0	0
Business	143,108	0	0
Operation and Maintenance of Plant	1,198,312	0	0
Pupil Transportation	23,487	0	0
Central	601,519	0	0
Extracurricular Activities	30,109	0	0
Interest and Fiscal Charges	19,562	0	0
Total Governmental Activities	<u>12,135,226</u>	<u>779,786</u>	<u>2,468,025</u>
<u>Business-Type Activities:</u>			
Adult Education	<u>2,565,535</u>	<u>1,730,922</u>	<u>848,546</u>
Other Enterprise Funds			
Food Service	298,759	20,994	241,388
Rotary	(2,669)	35,028	0
Total Other Enterprise Funds	<u>296,090</u>	<u>56,022</u>	<u>241,388</u>
Total Business-Type Activities	<u>2,861,625</u>	<u>1,786,944</u>	<u>1,089,934</u>
Total	<u>\$14,996,851</u>	<u>\$2,566,730</u>	<u>\$3,557,959</u>

General Revenues:

Property Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Interest
Gifts and Donations
Other
Total General Revenues

Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position (Deficit) at Beginning of Year
Net Position (Deficit) at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$370,833)	\$0	(\$370,833)
(91,921)	0	(91,921)
(3,578,723)	0	(3,578,723)
143,859	0	143,859
(559,871)	0	(559,871)
(463,253)	0	(463,253)
(153,954)	0	(153,954)
(1,186,777)	0	(1,186,777)
(609,845)	0	(609,845)
(143,108)	0	(143,108)
(1,198,312)	0	(1,198,312)
(23,487)	0	(23,487)
(601,519)	0	(601,519)
(30,109)	0	(30,109)
(19,562)	0	(19,562)
<u>(8,887,415)</u>	<u>0</u>	<u>(8,887,415)</u>
<u>0</u>	<u>13,933</u>	<u>13,933</u>
0	(36,377)	(36,377)
0	37,697	37,697
<u>0</u>	<u>1,320</u>	<u>1,320</u>
<u>0</u>	<u>15,253</u>	<u>15,253</u>
<u>(8,887,415)</u>	<u>15,253</u>	<u>(8,872,162)</u>
4,712,469	0	4,712,469
4,814,529	0	4,814,529
19,129	0	19,129
880	0	880
141,646	27,349	168,995
<u>9,688,653</u>	<u>27,349</u>	<u>9,716,002</u>
<u>(44,496)</u>	<u>44,496</u>	<u>0</u>
<u>9,644,157</u>	<u>71,845</u>	<u>9,716,002</u>
756,742	87,098	843,840
6,788,114	(2,168,653)	4,619,461
<u>\$7,544,856</u>	<u>(\$2,081,555)</u>	<u>\$5,463,301</u>

Tri-Rivers Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Building	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$9,338,201	\$50,452	\$211,892	\$9,600,545
Accrued Interest Receivable	2,701	0	0	2,701
Intergovernmental Receivable	1,492	0	104,410	105,902
Interfund Receivable	134,120	0	0	134,120
Prepaid Items	3,371	0	0	3,371
Materials and Supplies Inventory	15,207	0	0	15,207
Property Taxes Receivable	4,786,780	0	0	4,786,780
Total Assets	<u>\$14,281,872</u>	<u>\$50,452</u>	<u>\$316,302</u>	<u>\$14,648,626</u>
<u>Liabilities:</u>				
Accounts Payable	\$27,718	\$0	\$6,201	\$33,919
Contracts Payable	3,168	0	0	3,168
Accrued Wages and Benefits Payable	649,706	0	0	649,706
Matured Compensated Absences Payable	39,283	0	0	39,283
Special Termination Benefits Payable	30,175	0	0	30,175
Intergovernmental Payable	106,353	0	95	106,448
Interfund Payable	3,835	0	64,690	68,525
Total Liabilities	<u>860,238</u>	<u>0</u>	<u>70,986</u>	<u>931,224</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes	2,909,904	0	0	2,909,904
Unavailable Revenue	419,378	0	39,720	459,098
Total Deferred Inflows of Resources	<u>3,329,282</u>	<u>0</u>	<u>39,720</u>	<u>3,369,002</u>
<u>Fund Balances:</u>				
Nonspendable	18,578	0	0	18,578
Restricted	0	50,452	211,797	262,249
Committed	396,700	0	0	396,700
Assigned	3,191,253	0	0	3,191,253
Unassigned (Deficit)	6,485,821	0	(6,201)	6,479,620
Total Fund Balances	<u>10,092,352</u>	<u>50,452</u>	<u>205,596</u>	<u>10,348,400</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$14,281,872</u>	<u>\$50,452</u>	<u>\$316,302</u>	<u>\$14,648,626</u>

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances \$10,348,400

Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,995,079

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accrued Interest Receivable	2,465	
Intergovernmental Receivable	41,212	
Delinquent Property Taxes Receivable	415,421	
		459,098

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due. (1,383)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Notes Payable	(685,780)	
Compensated Absences Payable	(327,885)	
Capital Leases Payable	(140,228)	
		(1,153,893)

The net pension liability and net OPEB liability (asset) are not due and payable in the current period, therefore, the liability, asset, and related deferred outflows/inflows are not reported in governmental funds.

Deferred Outflows - Pension	2,535,358	
Deferred Outflows - OPEB	444,326	
Deferred Inflows - Pension	(230,668)	
Deferred Inflows - OPEB	(1,301,098)	
Net Pension Liability	(11,087,173)	
Net OPEB Asset	567,341	
Net OPEB Liability	(1,030,531)	
		(10,102,445)

Net Position of Governmental Activities \$7,544,856

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Building	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$4,747,966	\$0	\$0	\$4,747,966
Intergovernmental	6,283,438	0	921,245	7,204,683
Interest	19,679	0	0	19,679
Charges for Services	345,229	0	0	345,229
Tuition and Fees	427,575	0	0	427,575
Extracurricular Activities	0	0	6,717	6,717
Rent	265	0	0	265
Gifts and Donations	880	0	34,455	35,335
Other	142,126	0	2,204	144,330
Total Revenues	<u>11,967,158</u>	<u>0</u>	<u>964,621</u>	<u>12,931,779</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	357,064	0	0	357,064
Special	434,838	0	0	434,838
Vocational	4,346,735	0	330,349	4,677,084
Adult/Continuing	0	0	159,700	159,700
Support Services:				
Pupils	406,786	0	262,899	669,685
Instructional Staff	404,528	0	6,876	411,404
Board of Education	152,136	0	0	152,136
Administration	1,354,045	0	43,091	1,397,136
Fiscal	548,427	0	0	548,427
Business	130,426	0	0	130,426
Operation and Maintenance of Plant	1,001,026	0	72,835	1,073,861
Central	590,787	0	74,521	665,308
Extracurricular Activities	1,151	0	28,958	30,109
Capital Outlay	495,919	0	100	496,019
Debt Service:				
Principal Retirement	58,917	0	122,290	181,207
Interest and Fiscal Charges	878	0	18,916	19,794
Total Expenditures	<u>10,283,663</u>	<u>0</u>	<u>1,120,535</u>	<u>11,404,198</u>
Excess of Revenues Over (Under) Expenditures	<u>1,683,495</u>	<u>0</u>	<u>(155,914)</u>	<u>1,527,581</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets	7,404	0	0	7,404
Inception of Capital Lease	142,810	0	0	142,810
Transfers In	0	0	163,206	163,206
Transfers Out	(179,706)	0	0	(179,706)
Total Other Financing Sources (Uses)	<u>(29,492)</u>	<u>0</u>	<u>163,206</u>	<u>133,714</u>
Changes in Fund Balances	1,654,003	0	7,292	1,661,295
Fund Balances at Beginning of Year	8,438,349	50,452	198,304	8,687,105
Fund Balances at End of Year	<u>\$10,092,352</u>	<u>\$50,452</u>	<u>\$205,596</u>	<u>\$10,348,400</u>

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Changes in Fund Balances - Total Governmental Funds \$1,661,295

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

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

Nondepreciable Capital Assets	220,425	
Depreciable Capital Assets	215,031	
Depreciation	<u>(763,852)</u>	(328,396)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(7,404)	
Loss on Disposal of Capital Assets	<u>(38,617)</u>	(46,021)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	(35,497)	
Intergovernmental	41,212	
Interest	(550)	
Other	<u>(480)</u>	4,685

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.

Notes Payable	122,290	
Capital Leases Payable	<u>58,917</u>	181,207

Tri-Rivers Joint Vocational School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2021

The inception of a capital lease is reported as an other financing source in the governmental funds but increases long-term liabilities on the statement of net position.		(142,810)
Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position.		232
Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		37,185
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense on the statement of activities.		
Pension	(1,744,318)	
OPEB	31,651	
Business-Type Activities - Pension	345,966	
Business-Type Activities - OPEB	<u>(8,057)</u>	(1,374,758)
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		
Contributions Subsequent to the Measurement Date - Pension	941,460	
Contributions Subsequent to the Measurement Date - OPEB	13,029	
Business-Type Activities - Pension	(182,211)	
Business-Type Activities - OPEB	<u>(8,155)</u>	<u>764,123</u>
Change in Net Position of Governmental Activities		<u><u>\$756,742</u></u>

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$4,384,253	\$4,686,470	\$4,658,250	(\$28,220)
Intergovernmental	6,465,725	5,584,249	6,283,438	699,189
Interest	35,117	100,055	34,127	(65,928)
Charges for Services	70,269	449,059	345,229	(103,830)
Tuition and Fees	439,979	428,000	427,575	(425)
Rent	273	3,000	265	(2,735)
Gifts and Donations	1,500	800	880	80
Other	142,480	174,432	136,619	(37,813)
Total Revenues	<u>11,539,596</u>	<u>11,426,065</u>	<u>11,886,383</u>	<u>460,318</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,194,058	590,848	350,769	240,079
Special	434,838	434,838	434,838	0
Vocational	2,050,864	6,420,420	4,270,578	2,149,842
Support Services:				
Pupils	216,062	335,864	402,215	(66,351)
Instructional Staff	267,221	456,496	400,034	56,462
Board of Education	98,447	200,406	188,358	12,048
Administration	771,683	1,027,315	1,390,472	(363,157)
Fiscal	261,370	374,266	546,844	(172,578)
Business	86,693	87,508	153,748	(66,240)
Operation and Maintenance of Plant	586,680	767,890	1,042,621	(274,731)
Pupil Transportation	2,399	2,399	0	2,399
Central	375,063	443,783	485,346	(41,563)
Non-Instructional Services	562	562	0	562
Extracurricular Activities	1,248	1,910	1,402	508
Capital Outlay	957,375	964,102	913,355	50,747
Total Expenditures	<u>12,304,563</u>	<u>12,108,607</u>	<u>10,580,580</u>	<u>1,528,027</u>
Excess of Revenues Over (Under) Expenditures	<u>(764,967)</u>	<u>(682,542)</u>	<u>1,305,803</u>	<u>1,988,345</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets	0	7,404	7,404	0
Refund of Prior Year Expenditures	0	0	8,141	8,141
Advances In	0	340,000	170,000	(170,000)
Advances Out	0	(85,000)	(10,000)	75,000
Transfers Out	0	(111,545)	(179,706)	(68,161)
Total Other Financing Sources (Uses)	<u>0</u>	<u>150,859</u>	<u>(4,161)</u>	<u>(155,020)</u>
Changes in Fund Balance	(764,967)	(531,683)	1,301,642	1,833,325
Fund Balance at Beginning of Year	7,225,602	7,225,602	7,225,602	0
Prior Year Encumbrances Appropriated	301,959	301,959	301,959	0
Fund Balance at End of Year	<u>\$6,762,594</u>	<u>\$6,995,878</u>	<u>\$8,829,203</u>	<u>\$1,833,325</u>

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Fund Net Position
Enterprise Funds
June 30, 2021

	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Assets:</u>			
<u>Current Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$51,386	\$51,386
Accounts Receivable	24,045	0	24,045
Intergovernmental Receivable	86,626	921	87,547
Interfund Receivable	3,835	0	3,835
Inventory Held for Resale	0	1,023	1,023
Materials and Supplies Inventory	0	1,072	1,072
Total Current Assets	<u>114,506</u>	<u>54,402</u>	<u>168,908</u>
<u>Non-Current Assets:</u>			
Net OPEB Asset	150,812	0	150,812
Depreciable Capital Assets, Net	392,362	87,779	480,141
Total Non-Current Assets	<u>543,174</u>	<u>87,779</u>	<u>630,953</u>
Total Assets	<u>657,680</u>	<u>142,181</u>	<u>799,861</u>
<u>Deferred Outflows of Resources:</u>			
Pension	545,429	46,658	592,087
OPEB	68,863	30,262	99,125
Total Deferred Outflows of Resources	<u>614,292</u>	<u>76,920</u>	<u>691,212</u>
<u>Liabilities:</u>			
<u>Current Liabilities:</u>			
Accounts Payable	5,228	0	5,228
Accrued Wages and Benefits Payable	70,797	14,698	85,495
Intergovernmental Payable	21,949	7,181	29,130
Interfund Payable	69,430	0	69,430
Compensated Absences Payable	9,819	0	9,819
Capital Leases Payable	5,925	0	5,925
Total Current Liabilities	<u>183,148</u>	<u>21,879</u>	<u>205,027</u>
<u>Non-Current Liabilities:</u>			
Compensated Absences Payable	76,300	0	76,300
Net Pension Liability	2,423,217	231,268	2,654,485
Net OPEB Liability	109,116	72,741	181,857
Total Non-Current Liabilities	<u>2,608,633</u>	<u>304,009</u>	<u>2,912,642</u>
Total Liabilities	<u>2,791,781</u>	<u>325,888</u>	<u>3,117,669</u>
<u>Deferred Inflows of Resources:</u>			
Pension	146,789	1,296	148,085
OPEB	249,492	57,382	306,874
Total Deferred Inflows of Resources	<u>396,281</u>	<u>58,678</u>	<u>454,959</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	386,437	87,779	474,216
Unrestricted (Deficit)	<u>(2,302,527)</u>	<u>(253,244)</u>	<u>(2,555,771)</u>
Total Net Position (Deficit)	<u>(\$1,916,090)</u>	<u>(\$165,465)</u>	<u>(\$2,081,555)</u>

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2021

	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Operating Revenues:</u>			
Charges for Services	\$1,730,922	\$56,022	\$1,786,944
Other Operating Revenues	27,349	0	27,349
Total Operating Revenues	<u>1,758,271</u>	<u>56,022</u>	<u>1,814,293</u>
<u>Operating Expenses:</u>			
Salaries	1,256,702	95,473	1,352,175
Fringe Benefits	525,886	28,636	554,522
Purchased Services	291,127	1,665	292,792
Materials and Supplies	457,350	19,064	476,414
Cost of Sales	0	144,153	144,153
Other Operating Expenses	4,507	0	4,507
Depreciation	29,780	7,099	36,879
Total Operating Expenses	<u>2,565,352</u>	<u>296,090</u>	<u>2,861,442</u>
Operating Loss	<u>(807,081)</u>	<u>(240,068)</u>	<u>(1,047,149)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Grants	848,546	241,388	1,089,934
Interest Expense	(183)	0	(183)
Total Non-Operating Revenues (Expenses)	<u>848,363</u>	<u>241,388</u>	<u>1,089,751</u>
Loss before Contributions and Transfers	41,282	1,320	42,602
Capital Contributions	21,775	6,221	27,996
Transfers In	0	16,500	16,500
Changes in Net Position	63,057	24,041	87,098
Net Position (Deficit) at Beginning of Year	<u>(1,979,147)</u>	<u>(189,506)</u>	<u>(2,168,653)</u>
Net Position (Deficit) at End of Year	<u><u>(\$1,916,090)</u></u>	<u><u>(\$165,465)</u></u>	<u><u>(\$2,081,555)</u></u>

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2021

	<u>Adult Education</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,694,854	\$55,101	\$1,749,955
Cash Received from Other Revenues	27,349	0	27,349
Cash Payments for Salaries	(1,291,120)	(94,619)	(1,385,739)
Cash Payments for Fringe Benefits	(350,526)	(39,390)	(389,916)
Cash Payments for Goods and Services	(744,861)	(162,828)	(907,689)
Cash Payments for Other Expenses	(4,507)	0	(4,507)
Net Cash Used for Operating Activities	<u>(668,811)</u>	<u>(241,736)</u>	<u>(910,547)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Grants	865,834	241,388	1,107,222
Cash Received from Advances In	69,430	0	69,430
Cash Payments for Advances Out	(260,463)	0	(260,463)
Cash Received from Transfers In	0	16,500	16,500
Net Cash Provided by Noncapital Financing Activities	<u>674,801</u>	<u>257,888</u>	<u>932,689</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal Paid on Capital Leases	(5,807)	0	(5,807)
Interest Paid on Capital Leases	(183)	0	(183)
Net Cash Used for Capital and Related Financing Activities	<u>(5,990)</u>	<u>0</u>	<u>(5,990)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0	16,152	16,152
Cash and Cash Equivalents at Beginning of Year	0	35,234	35,234
Cash and Cash Equivalents at End of Year	<u>\$0</u>	<u>\$51,386</u>	<u>\$51,386</u>

(continued)

Tri-Rivers Joint Vocational School District
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2021
(continued)

	<u>Adult Education</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	(\$807,081)	(\$240,068)	(\$1,047,149)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	29,780	7,099	36,879
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(24,045)	0	(24,045)
Increase in Intergovernmental Receivable	(8,188)	(921)	(9,109)
Increase in Interfund Receivable	(3,835)	0	(3,835)
Decrease in Inventory Held for Resale	0	2,100	2,100
Increase in Materials and Supplies Inventory	0	(46)	(46)
Increase in Accounts Payable	3,233	0	3,233
Increase (Decrease) in Accrued Wages and Benefits Payable	(2,741)	2,938	197
Increase (Decrease) in Intergovernmental Payable	(1,398)	1,529	131
Decrease in Compensated Absences Payable	(16,446)	0	(16,446)
Decrease in Net Pension Liability	(47,489)	(333)	(47,822)
Decrease in Deferred Outflows - Pension	403,257	29,969	433,226
Decrease in Deferred Inflows - Pension	(194,649)	(27,000)	(221,649)
Decrease in Net OPEB Asset	29,977	0	29,977
Increase in Net OPEB Liability	10,179	6,785	16,964
Decrease in Deferred Outflows - OPEB	25,879	3,121	29,000
Decrease in Deferred Inflows - OPEB	(65,244)	(26,909)	(92,153)
Net Cash Used for Operating Activities	<u>(\$668,811)</u>	<u>(\$241,736)</u>	<u>(\$910,547)</u>

Non-Cash Capital Transactions

In fiscal year 2021, the Adult Education Fund received capital assets from governmental funds, in the amount of \$21,775.

In fiscal year 2021, other enterprise funds received capital assets from governmental funds, in the amount of \$6,221.

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Private Purpose Trust	Custodial
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$63,101	\$6,262
Notes Receivable	3,434	0
Total Assets	\$66,535	\$6,262
 <u>Net Position:</u>		
Held in Trust for Scholarships	\$16,284	\$0
Endowments	50,251	0
Restricted for Individuals, Organizations, and Other Governments	0	6,262
Total Net Position	\$66,535	\$6,262

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Private Purpose Trust	Custodial
<u>Additions:</u>		
Student Loan Proceeds	\$0	\$676,083
Pell Grants	0	408,843
Gifts and Donations	1,404	0
Miscellaneous	571	0
 Total Additions	 1,975	 1,084,926
<u>Deductions:</u>		
Distributions to Individuals	1,352	1,084,926
 Net Increase in Fiduciary Net Position	 623	 0
 Net Position Beginning of Year	 65,912	 6,262
Net Position at End of Year	\$66,535	\$6,262

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

The Tri-Rivers Joint Vocational School District (the “School District”) is a distinct political subdivision of the State of Ohio operated under the direction of a thirteen member Board of Education consisting of one representative from each of the participating school districts’ elected boards. The Board possesses its own budgeting and taxing authority. The School District exposes students to job training skills leading to employment upon graduation from high school.

The School District was established in 1974. The School District serves Marion and the surrounding counties. It is staffed by twenty-eight classified employees, forty-four certified teaching personnel, and eleven administrative employees who provide services to 509 students and other community members. The School District currently operates an instruction/administration building.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. For reporting purposes, the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Tri-Rivers Joint Vocational School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in the Metropolitan Educational Technology Association (META), a jointly governed organization, and the Schools of Ohio Risk Sharing Authority, the Stark County Schools Council of Governments Health Benefit Plan, and the Ohio School Boards Association Workers’ Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 23 and 24 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The School District's basic financial statements consist 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.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and business-type 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

B. Fund Accounting

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

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

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

Building Fund - The Building Fund is used to account for debt proceeds issued for energy conservation improvements and to purchase and renovate a building for adult education.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District has one major enterprise fund.

Adult Education - The Adult Education enterprise fund accounts for the activities related to providing adult education classes.

The other enterprise funds of the School District account for food service operations and activities related to vocational programs.

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report activities that are not required to be reported in a trust fund. The School District's private purpose trust funds account for programs that provide college scholarships to students after graduation. The School District's custodial funds are used to account for resources held on behalf of Pell and student loan recipients and the Marion Area Workforce Collaboration.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (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 and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds and the fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For the enterprise funds, the statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise funds.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from fiduciary funds.

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, charges for services, tuition, student fees, and rent.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB and explained in Note 14 and Note 15 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources consists of property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue consists of accrued interest, intergovernmental revenue including grants, and delinquent property taxes. This amount is deferred and recognized as an inflow of resources in the period when the amount becomes available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 18. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and explained in Note 14 and Note 15 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, 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 governmental funds.

E. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

F. Cash and Investments

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

During fiscal year 2021, the School District invested in mutual funds, negotiable certificates of deposit, federal agency securities, commercial paper, and STAR Ohio. Investments are reported at fair value. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, “Certain External Investment Pools and Pool Participants”. The School District measures the investment in STAR Ohio at net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million requiring the excess amount to be transacted the following business day(s) but only to the \$250 million limit. All accounts of the participant will be combined for this purpose.

The School District’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year

The Board of Education has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2021 was \$19,679 which includes \$2,357 assigned from other School District funds.

Investments of the School District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Note 2 - Summary of Significant Accounting Policies (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is stated at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies in the governmental funds and donated and purchased food in the enterprise funds.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise funds. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School District maintains a capitalization threshold of ten thousand dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All 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:

<u>Description</u>	<u>Useful Lives</u>
Buildings and Building Improvements	10 - 65 years
Furniture, Fixtures, and Equipment	5 - 30 years
Vehicles	5 - 10 years

J. Interfund Assets/Liabilities

On fund financial statements, outstanding interfund loans are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred outflows of resources and deferred inflows of resources from the change in proportionate share related to pension/OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment 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 School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees with at least twenty-five years of service, with at least twenty years of service and at least fifty years of age, or with any amount of service and at least fifty-five years of age.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent 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 who have accumulated unpaid leave are paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund 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, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Long-term notes and capital leases are recognized as a liability on the fund financial statements when due.

Note 2 - Summary of Significant Accounting Policies (continued)

M. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for federal and state grants.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Fund Balance

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

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

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The Board of Education has also assigned fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2022 budget and for sponsorship oversight responsibilities.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Note 2 - Summary of Significant Accounting Policies (continued)

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the School District, these revenues are charges for services for adult education and sales for food service and vocational programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds. All revenues and expenses not meeting this definition are reported as non-operating.

P. Capital Contributions

Capital contributions arise from contributions from other funds of the School District.

Q. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Transfers within governmental activities or within business-type activities are eliminated on the government-wide financial statements.

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

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

R. Pension/Other Postemployment Benefits

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

Note 2 - Summary of Significant Accounting Policies (continued)

S. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2021, the School District implemented GASB Implementation Guide No. 2019-1. These changes were incorporated in the School District's fiscal year 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2021, the Other State Grants and VEPD special revenue funds had deficit fund balances, in the amount of \$4,827 and \$1,374, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit net position in the Adult Education and Food Service enterprise funds, in the amount of \$1,916,090 and \$217,631, respectively, is the result of recording the net pension/OPEB liability. The deficits will be eliminated when the liability becomes due and payable upon retirement of the employee.

B. Compliance

The Quality Enhancement special revenue fund and Food Service enterprise fund had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2021, in the amount of \$19,433 and \$15,935, respectively.

The Treasurer will review appropriations to ensure they are within amounts available and expenditures to ensure they are within amounts appropriated.

Note 5 - Budgetary Basis of Accounting

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

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 5 - Budgetary Basis of Accounting (continued)

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements are as follows:

Changes in Fund Balance	
GAAP Basis	\$1,654,003
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2020, Received in Cash FY 2021	1,371,954
Accrued FY 2021, Not Yet Received in Cash	(1,461,691)
Expenditure Accruals:	
Accrued FY 2020, Paid in Cash FY 2021	(793,200)
Accrued FY 2021, Not Yet Paid in Cash	860,238
Cash Adjustments:	
Unrecorded Activity FY 2020	90,124
Unrecorded Activity FY 2021	(33,821)
Prepaid Items	1,254
Materials and Supplies Inventory	52,078
Advances In	170,000
Advances Out	(10,000)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(599,297)
Budget Basis	1,301,642

Note 6 - Deposits and Investments

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

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

Note 6 - Deposits and Investments (continued)

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 6 - Deposits and Investments (continued)

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

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

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

Investments

As of June 30, 2021, the School District had the following investments:

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level One Inputs					
Mutual Funds	\$4,032	\$4,032	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	2,020,562	498,386	251,164	506,362	764,650
Federal Home Loan Bank Notes	433,297	0	0	0	433,297
Total Fair Value - Level Two Inputs	2,453,859	498,386	251,164	506,362	1,197,947
Amortized Cost					
Commercial Paper	1,598,346	0	1,598,346	0	0
Net Asset Value Per Share					
STAR Ohio	4,913,629	4,913,629	0	0	0
Total Investments	\$8,969,866	\$5,416,047	\$1,849,510	\$506,362	\$1,197,947

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 6 - Deposits and Investments (continued)

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2021. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The negotiable certificates of deposit are generally covered by FDIC insurance. The mutual funds and federal agency securities carry a rating of Aaa by Moody's. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated, at the time of purchase, in the highest category by at least one nationally recognized standard rating service. Commercial paper must be rated in the highest category at the time of purchase by two nationally recognized standard rating services. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

The School District's investment policy states that the School District may not invest more than 40 percent of its portfolio individually or in combination in commercial paper and/or bankers' acceptances. The following table indicates the percentage of each investment to the School District's total portfolio.

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$2,020,562	22.5%
Federal Home Loan Bank	433,297	4.8
Commercial Paper	1,598,346	17.8

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 7 - Receivables

Receivables at June 30, 2021, consisted of accrued interest, accounts (billings for user charged services and student fees), intergovernmental, interfund, property taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes and a portion of notes, are considered collectible within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable are repaid according to payment schedules made with the various students. A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Homestead and Rollback	\$1,492
Other Governmental Funds	
Innovative Strategies Grant	43,549
VEPD Grant	58,306
Governor’s Emergency Education Relief	2,555
Total Other Governmental Funds	104,410
Total Governmental Activities	\$105,902
	Amount
Business-Type Activities	
Adult Education	\$86,626
Other Business-Type	921
Total Business-Type Activities	\$87,547

Note 8 - Property Taxes

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

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 8 - Property Taxes (continued)

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from seven counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2021, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2021, was \$1,461,455 in the General Fund. The amount available as an advance at June 30, 2020, was \$1,371,739 in the General Fund.

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

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,921,852,140	92.52%	\$1,976,160,940	91.95%
Public Utility	155,481,480	7.48	172,986,520	8.05
Total Assessed Value	<u>\$2,077,333,620</u>	<u>100.00%</u>	<u>\$2,149,147,460</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 9 - Tax Abatements

The School District's property taxes were reduced as follows under community reinvestment area agreements entered into by overlapping governments.

Overlapping Government	Amount of Fiscal Year 2021 Taxes Abated
Community Reinvestment Area	
City of Marion	\$2,289
Marion County	26,818
Morrow County	34,564
	\$63,671

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$241,082	\$0	\$0	\$241,082
Construction in Progress	460,436	220,425	(668,966)	11,895
Total Nondepreciable Capital Assets	701,518	220,425	(668,966)	252,977
Depreciable Capital Assets				
Land Improvements	412,591	0	(412,591)	0
Buildings and Building Improvements	11,547,068	311,070	(27,996)	11,830,142
Furniture, Fixtures, and Equipment	4,921,348	572,927	0	5,494,275
Vehicles	225,741	0	(30,175)	195,566
Total Depreciable Capital Assets	17,106,748	883,997	(470,762)	17,519,983
Less Accumulated Depreciation				
Land Improvements	(412,591)	0	412,591	0
Buildings and Building Improvements	(6,448,656)	(340,818)	0	(6,789,474)
Furniture, Fixtures, and Equipment	(2,413,910)	(404,989)	0	(2,818,899)
Vehicles	(163,613)	(18,045)	12,150	(169,508)
Total Accumulated Depreciation	(9,438,770)	(763,852)	424,741	(9,777,881)
Depreciable Capital Assets, Net	7,667,978	120,145	(46,021)	7,742,102
Governmental Activities				
Capital Assets, Net	\$8,369,496	\$340,570	(\$714,987)	\$7,995,079

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 10 - Capital Assets (continued)

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$1,039,567	\$27,996	\$0	\$1,067,563
Furniture, Fixtures, and Equipment	65,940	0	0	65,940
Total Depreciable Capital Assets	1,105,507	27,996	0	1,133,503
Less Accumulated Depreciation				
Buildings and Building Improvements	(585,375)	(30,834)	0	(616,209)
Furniture, Fixtures, and Equipment	(31,108)	(6,045)	0	(37,153)
Total Accumulated Depreciation	(616,483)	(36,879)	0	(653,362)
Business-Type Activities				
Capital Assets, Net	\$489,024	(\$8,883)	\$0	\$480,141

The Adult Education enterprise fund and other enterprise funds accepted contributions of depreciable capital assets from governmental funds, in the amount of \$21,775 and \$6,221, respectively.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$637,963
Support Services:	
Pupils	4,647
Instructional Staff	5,999
Administration	7,699
Fiscal	3,000
Business	8,999
Operation and Maintenance of Plant	43,880
Pupil Transportation	12,866
Central	38,799
Total Depreciation Expense	\$763,852

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	\$7,099

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 11 - Interfund Assets/Liabilities

At June 30, 2021, the General Fund had interfund receivables from other governmental funds for short-term loans made to those funds and the Adult Education enterprise fund for resources provided to support operations, in the amount of \$64,690 and \$69,430, respectively. The Adult Education enterprise fund had interfund receivables from the General Fund, in the amount of \$3,835 for services provided. These amounts are expected to be repaid within one year.

Note 12 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted for the following insurance coverage:

Coverage provided by The Schools of Ohio Risk Sharing Authority is as follows:	
Building and Contents	\$49,044,211
General School District Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000

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

For fiscal year 2021, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with the SORSA for insurance coverage and pays annual premiums to the SORSA based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Stark County Schools Council of Governments Health Benefit Plan (Plan), a public entity shared risk pool. The School District pays monthly premiums to the Plan for employee medical, dental, vision, and life insurance benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2022 are as follows:

General Fund	\$599,297
Other Governmental Funds	75,889
Total	<u>\$675,186</u>

Note 14 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 - Defined Benefit Pension Plans (continued)

GASB Statements No. 68 and No. 75 assume 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 the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the amortization period exceeds thirty years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the fiscal year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description - School District nonteaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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. The report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Age and service requirements for retirement are as follows.

	Eligible to retire on or before August 1, 2017 *	Eligible to retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; 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; Age 60 with 25 years of service credit

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

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

Note 14 - Defined Benefit Pension Plans (continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three year COLA suspension is in effect for all benefit recipients for 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a .5 percent cost of living adjustment for eligible retirees and beneficiaries in 2021.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School District's contractually required contribution to SERS was \$258,255 for fiscal year 2021. The entire amount was paid within the fiscal year.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - School District licensed teachers and other certified 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 publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. The report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty. Eligibility changes for DBP members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age sixty or thirty years of service credit at any age.

Note 14 - Defined Benefit Pension Plans (continued)

The DCP allows members to place all of their member contributions and 9.53 percent of the 14 percent employer contribution into an investment account. Investment allocation decisions are determined by the member among the various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer contribution rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate is deposited into the member's DCP account and the remaining 2 percent is applied to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DCP or CP 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 CP 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 DBP or CP member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DCP who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, the employer and employee rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$683,205 for fiscal year 2021. Of this amount, \$110,751 is reported as an intergovernmental payable.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 - Defined Benefit Pension Plans (continued)

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05072820%	0.03890353%	
Current Measurement Date	<u>0.05827520%</u>	<u>0.04086226%</u>	
Change in Proportionate Share	<u>0.00754700%</u>	<u>0.00195873%</u>	
Proportionate Share of the Net Pension Liability	\$3,854,445	\$9,887,213	\$13,741,658
Pension Expense	\$608,299	\$1,136,019	\$1,744,318

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$7,487	\$22,185	\$29,672
Changes of Assumptions	0	530,753	530,753
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	244,679	480,816	725,495
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	267,197	435,433	702,630
School District Contributions Subsequent to the Measurement Date	<u>258,255</u>	<u>683,205</u>	<u>941,460</u>
Total Deferred Outflows of Resources	<u>\$777,618</u>	<u>\$2,152,392</u>	<u>\$2,930,010</u>
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	\$0	\$63,222	\$63,222
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	<u>21,631</u>	<u>96,465</u>	<u>118,096</u>
Total Deferred Inflows of Resources	<u>\$21,631</u>	<u>\$159,687</u>	<u>\$181,318</u>

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 - Defined Benefit Pension Plans (continued)

\$941,460 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

Fiscal Year Ended June 30,	SERS	STRS	Total
2022	\$146,154	\$349,257	\$495,411
2023	172,986	273,562	446,548
2024	101,988	391,413	493,401
2025	76,604	295,268	371,872
Total	\$497,732	\$1,309,500	\$1,807,232

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67 as part of the 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 terminations). Actuarially determined amounts are subject to continual review and potential modifications as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of June 30, 2020, are presented below.

Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal (level percent of payroll)

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 - Defined Benefit Pension Plans (continued)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
U.S. Stocks	22.50	5.75
Non-U.S. Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00%	

Discount Rate - The total pension liability was calculated using the discount rate of 7.5 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 earnings were calculated using the long-term assumed investment rate of return (7.5 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.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 - Defined Benefit Pension Plans (continued)

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District’s Proportionate Share of the Net Pension Liability	\$5,280,118	\$3,854,445	\$2,658,277

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below.

Inflation	2.5 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost of Living Adjustments (COLA)	0 percent effective July 1, 2017

Postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using Mortality Improvement Scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table, projected forward generationally using Mortality Improvement Scale MP-2016.

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 - Defined Benefit Pension Plans (continued)

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

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a thirty year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	\$14,077,670	\$9,887,213	\$6,336,150

Note 14 - Defined Benefit Pension Plans (continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2021, eight of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Defined Benefit OPEB Plans

See Note 14 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Plan Description - The School District contributes to the SERS Health Care Fund administered by SERS for nonteaching retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. The SERS Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need ten years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of sixty-five and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by State statute. The financial report of the Plan is included in the SERS Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). The SERS Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board 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.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 - Defined Benefit OPEB Plans (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. State statute provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$13,029.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, is the amount assigned to the Health Care Fund. The School District's contribution to SERS for health care was \$13,029 for fiscal year 2021. Of this amount, \$13,029 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to postemployment health care.

OPEB Liability (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 - Defined Benefit OPEB Plans (continued)

Following is information related to the proportionate share and OPEB expense.

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	.04873290%	.03890353%	
Current Measurement Date	.05578490%	.04086226%	
Change in Proportionate Share	<u>.00705200%</u>	<u>.00195873%</u>	
Proportionate Share of the			
Net OPEB Liability	\$1,212,388	\$0	\$1,212,388
Net OPEB Asset	\$0	\$718,153	\$718,153
OPEB Expense	\$21,016	(\$52,667)	(\$31,651)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual			
Experience	\$15,923	\$46,016	\$61,939
Changes of Assumptions	206,670	11,855	218,525
Net Difference Between Projected and Actual			
Earnings on OPEB Plan Investments	13,660	25,168	38,828
Changes in Proportionate Share and Difference			
Between School District Contributions			
and Proportionate Share of Contributions	151,464	9,248	160,712
School District Contributions Subsequent to the			
Measurement Date	13,029	0	13,029
Total Deferred Outflows of Resources	<u>\$400,746</u>	<u>\$92,287</u>	<u>\$493,033</u>
Deferred Inflows of Resources			
Differences Between Expected and Actual			
Experience	\$616,585	\$143,046	\$759,631
Changes of Assumptions	30,537	682,125	712,662
Changes in Proportionate Share and Difference			
Between School District Contributions			
and Proportionate Share of Contributions	49,673	35,588	85,261
Total Deferred Inflows of Resources	<u>\$696,795</u>	<u>\$860,759</u>	<u>\$1,557,554</u>

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 - Defined Benefit OPEB Plans (continued)

\$13,029 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

Fiscal Year Ended June 30,	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$66,706)	(\$195,415)	(\$262,121)
2023	(65,718)	(178,379)	(244,097)
2024	(65,879)	(172,405)	(238,284)
2025	(63,483)	(156,845)	(220,328)
2026	(39,084)	(31,179)	(70,263)
Thereafter	<u>(8,208)</u>	<u>(34,249)</u>	<u>(42,457)</u>
Total	<u>(\$309,078)</u>	<u>(\$768,472)</u>	<u>(\$1,077,550)</u>

Actuarial Assumptions - SERS

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

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

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

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 - Defined Benefit OPEB Plans (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below.

Inflation	3 percent
Wage Increases	3.5 percent to 18.2 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates and the RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates, set back five years.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five year experience study. The most recent study covers fiscal years 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.5 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a ten year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS Health Care Plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 - Defined Benefit OPEB Plans (continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020, was 2.63 percent. The discount rate used to measure the total OPEB liability prior to June 30, 2020, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the retirement system at the State statute contribution rate of 2 percent of projected covered employee payroll each year which includes a 1.5 percent payroll surcharge and .5 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation Twenty-Year Municipal Bond Index Rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rates. The following table presents the net OPEB liability of SERS and what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) or one percentage point higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6 percent decreasing to 3.75 percent) and one percentage point higher (8 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63)
School District's Proportionate Share of the Net OPEB Liability	\$1,483,933	\$1,212,388	\$996,511
	1% Decrease (6% Decreasing to 3.75%)	Current Trend Rate (7% Decreasing to 4.75%)	1% Increase (8% Decreasing to 5.75%)
School District's Proportionate Share of the Net OPEB Liability	\$954,664	\$1,212,388	\$1,557,032

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 - Defined Benefit OPEB Plans (continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below.

Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.5 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

For healthy retirees, the mortality rates were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using Mortality Improvement Scale MP-2016.

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, there was no change to the claims cost process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on the June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 - Defined Benefit OPEB Plans (continued)

The STRS Health Care Plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the Health Care Fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net OPEB Asset	\$624,840	\$718,153	\$797,326
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Asset	\$792,412	\$718,153	\$627,696

Note 16 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees 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 a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifty-three days for all personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty-three and one-quarter days. Teachers who maintain or exceed State performance standards for attendance in four out of the last five years of employment prior to retirement will receive an additional thirty days of severance pay.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 16 - Other Employee Benefits (continued)

B. Health Care Benefits

The School District offers employee medical, dental, life, and vision insurance benefits to all employees through the Stark County Schools Council of Governments Health Benefit Plan. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

C. Separation Benefits

The School District offers a separation benefit of \$15,000 to teachers under the TREA Bargaining Unit who retire during the summer of their first year of eligibility or who retire during the summer after they first attain thirty years of STRS service credit at any age.

Note 17 - Long-Term Obligations

Changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21	Amounts Due Within One Year
Governmental Activities					
General Obligations from Direct Placement					
Energy Conservation Notes FY 2013 2.65%	\$648,070	\$0	\$72,290	\$575,780	\$74,200
Equipment Acquisition Notes FY 2013 2.00%	160,000	0	50,000	110,000	55,000
Total General Obligations from Direct Borrowing	808,070	0	122,290	685,780	129,200

(continued)

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 17 - Long-Term Obligations (continued)

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21	Amounts Due Within One Year
Governmental Activities (continued)					
Net Pension Liability					
SERS	\$2,549,529	\$726,746	\$0	\$3,276,275	\$0
STRS	6,796,591	1,014,307	0	7,810,898	0
Total Net Pension Liability	9,346,120	1,741,053	0	11,087,173	0
Net OPEB Liability					
SERS	1,029,446	1,085	0	1,030,531	0
Compensated Absences Payable	365,070	0	37,185	327,885	47,917
Capital Leases Payable	56,335	142,810	58,917	140,228	54,646
Total Other Long-Term Obligations	10,796,971	1,884,948	96,102	12,585,817	102,563
Total Governmental Activities Long-Term Obligations	<u>\$11,605,041</u>	<u>\$1,884,948</u>	<u>\$218,392</u>	<u>\$13,271,597</u>	<u>\$231,763</u>
Business-Type Activities					
Net Pension Liability					
SERS	\$485,628	\$92,542	\$0	\$578,170	\$0
STRS	1,806,690	269,625	0	2,076,315	0
Total Net Pension Liability	2,292,318	362,167	0	2,654,485	0
Net OPEB Liability					
SERS	196,083	0	14,226	181,857	0
Compensated Absences Payable	102,565	0	16,446	86,119	9,819
Capital Leases Payable	11,732	0	5,807	5,925	5,925
Total Business-Type Activities Long-Term Obligations	<u>\$2,602,698</u>	<u>\$362,167</u>	<u>\$36,479</u>	<u>\$2,928,386</u>	<u>\$15,744</u>

FY 2013 Energy Conservation Notes - On May 30, 2013, the School District issued notes, in the original amount of \$1,118,800, through direct placement to provide energy conservation measures for the School District. The notes were issued for a fifteen year period, with a final maturity in fiscal year 2028. The notes are being retired through the Bond Retirement debt service fund. Of the \$1,118,800, \$50,452 has not been capitalized.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 17 - Long-Term Obligations (continued)

FY 2013 Equipment Acquisition Notes - On May 30, 2013, the School District issued notes, in the original amount of \$500,000, through direct placement to acquire equipment. The notes were issued for a ten year period, with a final maturity in fiscal year 2023. The notes are being retired through the Bond Retirement debt service fund. The entire amount of the notes has been capitalized.

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability; however, employer pension/OPEB contributions are made from the General Fund and the Food Service and Adult Education enterprise funds.

Compensated absences will be paid from the General Fund and the Adult Education enterprise fund.

Capital leases will be paid from the General Fund and the Adult Education enterprise fund.

The School District's overall debt margin was \$193,313,271 with an unvoted debt margin of \$2,039,147 at June 30, 2021.

Principal requirements to retire the general obligation debt from direct placement outstanding at June 30, 2021, were as follows:

Fiscal Year Ending	Principal	Interest
2022	\$129,200	\$15,925
2023	131,170	12,833
2024	78,190	10,237
2025	80,260	8,138
2026	82,390	5,983
2027-2028	184,570	5,095
	685,780	\$58,211

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 18 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for equipment. New capital leases are reflected in the accounts “Central” and “Inception of Capital Lease” in the fund which will be making the lease payments. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds and as a reduction of the liability in the enterprise funds. Principal payments in fiscal year 2021 were \$58,917 for governmental funds and \$5,807 for enterprise funds.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$279,510	\$28,469
Less Accumulated Depreciation	(80,722)	(12,574)
Total June 30, 2021	\$198,788	\$15,895

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$54,646	\$5,149	\$5,925	\$65
2023	27,328	3,705	0	0
2024	28,510	2,523	0	0
2025	29,744	1,288	0	0
Total	\$140,228	\$12,665	\$5,925	\$65

Note 19 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. The amount 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. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance set aside for capital improvements during fiscal year 2021.

	Capital Improvements
Balance June 30, 2020	\$0
Current Year Set Aside Requirement	94,943
Qualifying Expenditures	(94,943)
Balance June 30, 2021	\$0

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 20 - Internal Balances and Transfers

The School District uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the School District as a whole.

Eliminations made in the total column of the government-wide statement of net position for pension include deferred outflows of resources and deferred inflows of resources, in the amount of \$197,435.

Eliminations made in the total column of the government-wide statement of net position for OPEB include deferred outflows of resources and deferred inflows of resources, in the amount of \$50,418.

During fiscal year 2021, the General Fund made transfers to other governmental funds, in the amount of \$163,206, as debt payments came due and to support operations, and to other enterprise funds, in the amount of \$16,500, to support the operation of these funds.

Note 21 - Fund Balance

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

Fund Balance	General	Building	Other Governmental	Total Governmental Funds
Nonspendable for:				
Prepaid Items	\$3,371	\$0	\$0	\$3,371
Materials and Supplies				
Inventory	15,207	0	0	15,207
Total Nonspendable	18,578	0	0	18,578

(continued)

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 21 - Fund Balance (continued)

Fund Balance	General	Building	Other Governmental	Total Governmental Funds
Restricted for:				
Capital Improvements	\$0	\$50,452	\$0	\$50,452
Career Development Professional Development	0	0	46,989	46,989
Student Assistance	0	0	527	527
Student Organizations	0	0	8,944	8,944
Student Wellness	0	0	41,367	41,367
Vocational Instruction	0	0	40,421	40,421
Total Restricted	<u>0</u>	<u>50,452</u>	<u>211,797</u>	<u>262,249</u>
Committed for:				
Capital Improvements	<u>396,700</u>	<u>0</u>	<u>0</u>	<u>396,700</u>
Assigned for:				
Projected Budget Shortage	1,949,155	0	0	1,949,155
Sponsorship Oversight	1,058,437	0	0	1,058,437
Staff	2,082	0	0	2,082
Unpaid Obligations	181,403	0	0	181,403
Wellness Activities	176	0	0	176
Total Assigned	<u>3,191,253</u>	<u>0</u>	<u>0</u>	<u>3,191,253</u>
Unassigned (Deficit)	<u>6,485,821</u>	<u>0</u>	<u>(6,201)</u>	<u>6,479,620</u>
Total Fund Balance	<u>\$10,092,352</u>	<u>\$50,452</u>	<u>\$205,596</u>	<u>\$10,348,400</u>

Note 22 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$16,284 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide scholarships each year.

Note 23 - Jointly Governed Organization

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an association of public school districts within the boundaries of Athens, Crawford, Delaware, Erie, Franklin, Knox, Licking, Lorain, Marion, Morrow, Muskingum, Union, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META consists of twelve members of participating school districts. During fiscal year 2021, the School District paid \$23,018 to META for various services. Financial information can be obtained from META, 100 Executive Drive, Marion, Ohio 43302.

Note 24 - Insurance Pools

A. Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 775 Yard Street, Suite 200, Grandview Heights, Ohio 43212.

B. Stark County Schools Council of Governments Health Benefit Plan

The School District participates in a public entity shared risk pool, the Stark County Schools Council of Governments Health Benefit Plan (Plan) for employee medical, dental, vision, and life insurance benefits. The Plan is administered by the Stark County Schools Council (SCSC), a regional council of governments established in accordance with Chapter 167 of the Ohio Revised Code. The SCSC is governed by an assembly consisting of one representative from each participant. Each participant pays its premiums to the Plan based on an apportionment of estimated costs established by the SCSC prior to the beginning of each fiscal year. Should estimated program costs be insufficient to pay all claims for the fiscal year, the SCSC notifies each participant of any additional program costs for the fiscal year. Upon withdrawal from the Health Benefit Plan, a participant is entitled to be refunded any excess contributions being held by the Plan.

Participation in the Health Benefit Plan is by written application subject to acceptance by the Board of Directors of the Assembly and payment of the monthly premiums. Financial information can be obtained from the Stark County Educational Service Center, who serves as fiscal agent, 2100 Thirty-Eighth Street Northwest, Canton, Ohio 44709.

Note 24 - Insurance Pools (continued)

C. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 25 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As a result of FY21 review, the School District owes \$1,595 to ODE. This amount has not been included in the financial statements.

C. Litigation

There are currently no matters in litigation with the School District as defendant.

Tri-Rivers Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 26 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 27 - Subsequent Events

For fiscal year 2022, School District foundation funding received from the State will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective educating school. For fiscal year 2021, the School District reported \$54,351 in tuition and fees from the resident school districts which will be direct funded to the School District in fiscal year 2022.

This new funding system calculates a unique base cost for each School District. The School District's State core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

In November 2021, the voters approved a 1.3 mill property tax levy for current operations for a continuing period. Collection will start in 2023.

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Tri-Rivers Joint Vocational School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.05827520%	0.05072820%	0.05273330%	0.05020430%
School District's Proportionate Share of the Net Pension Liability	\$3,854,445	\$3,035,157	\$3,020,134	\$2,999,598
School District's Employee Payroll	\$1,971,321	\$1,811,948	\$1,706,319	\$1,562,486
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	195.53%	167.51%	177.00%	191.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%

(1) Information prior to 2014 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2017	2016	2015	2014
0.04942690%	0.04406660%	0.03282400%	0.03282400%
\$3,617,592	\$2,514,483	\$1,661,204	\$1,951,938
\$1,535,014	\$1,326,646	\$902,107	\$963,733
235.67%	189.54%	184.15%	202.54%
62.98%	69.16%	71.70%	65.52%

Tri-Rivers Joint Vocational School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.04086226%	0.03890353%	0.03773990%	0.03770097%
School District's Proportionate Share of the Net Pension Liability	\$9,887,213	\$8,603,281	\$8,298,156	\$8,955,946
School District's Employee Payroll	\$4,973,971	\$4,666,664	\$4,306,929	\$4,101,929
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	198.78%	184.36%	192.67%	218.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.30%	77.30%	75.30%

(1) Information prior to 2014 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2017	2016	2015	2014
0.03925362%	0.04161338%	0.04458141%	0.04458141%
\$13,139,370	\$11,500,721	\$10,843,742	\$12,916,994
\$4,117,700	\$4,295,700	\$4,552,469	\$4,512,846
319.09%	267.73%	238.19%	286.23%
66.80%	72.10%	74.70%	69.30%

Tri-Rivers Joint Vocational School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.05578490%	0.04873290%	0.05027780%	0.04969330%	0.04929250%
School District's Proportionate Share of the Net OPEB Liability	\$1,212,388	\$1,225,529	\$1,394,843	\$1,333,637	\$1,405,020
School District's Employee Payroll	\$1,971,321	\$1,811,948	\$1,706,319	\$1,562,486	\$1,535,014
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	61.50%	67.64%	81.75%	85.35%	91.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

Tri-Rivers Joint Vocational School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.04086226%	0.03890353%	0.03773990%	0.03770097%	0.03925362%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$718,153)	(\$644,336)	(\$606,411)	\$1,470,953	\$2,099,294
School District's Employee Payroll	\$4,973,971	\$4,666,664	\$4,306,929	\$4,101,929	\$4,117,700
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-14.44%	-13.81%	-14.08%	35.86%	50.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

Tri-Rivers Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$258,255	\$275,985	\$244,613	\$230,353
Contributions in Relation to the Contractually Required Contribution	<u>(258,255)</u>	<u>(275,985)</u>	<u>(244,613)</u>	<u>(230,353)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll (1)	\$1,844,679	\$1,971,321	\$1,811,948	\$1,706,319
Pension Contributions as a Percentage of Employee Payroll	14.00%	14.00%	13.50%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	\$13,029	\$13,668	\$23,557	\$21,393
Contributions in Relation to the Contractually Required Contribution	<u>(13,029)</u>	<u>(13,668)</u>	<u>(23,557)</u>	<u>(21,393)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	<u>0.71%</u>	<u>0.69%</u>	<u>1.30%</u>	<u>1.25%</u>
Total Contributions as a Percentage of Employee Payroll (2)	<u>14.71%</u>	<u>14.69%</u>	<u>14.80%</u>	<u>14.75%</u>

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

(2) Includes Surcharge

See Accompanying Notes to the Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$218,748	\$214,902	\$174,852	\$125,032	\$133,381	\$130,631
<u>(218,748)</u>	<u>(214,902)</u>	<u>(174,852)</u>	<u>(125,032)</u>	<u>(133,381)</u>	<u>(130,631)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,562,486	\$1,535,014	\$1,326,646	\$902,107	\$963,733	\$971,236
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$21,291	\$21,526	\$27,358	\$11,236	\$11,663	\$19,238
<u>(21,291)</u>	<u>(21,526)</u>	<u>(27,358)</u>	<u>(11,236)</u>	<u>(11,663)</u>	<u>(19,238)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.36%</u>	<u>1.40%</u>	<u>2.06%</u>	<u>1.25%</u>	<u>1.21%</u>	<u>1.98%</u>
<u>15.36%</u>	<u>15.40%</u>	<u>15.24%</u>	<u>15.11%</u>	<u>15.05%</u>	<u>15.43%</u>

Tri-Rivers Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$683,205	\$696,356	\$653,333	\$602,970
Contributions in Relation to the Contractually Required Contribution	<u>(683,205)</u>	<u>(696,356)</u>	<u>(653,333)</u>	<u>(602,970)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$4,880,036	\$4,973,971	\$4,666,664	\$4,306,929
Pension Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See Accompanying Notes to the Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$574,270	\$576,478	\$601,398	\$591,821	\$586,670	\$644,330
<u>(574,270)</u>	<u>(576,478)</u>	<u>(601,398)</u>	<u>(591,821)</u>	<u>(586,670)</u>	<u>(644,330)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,101,929	\$4,117,700	\$4,295,700	\$4,552,469	\$4,512,846	\$4,956,385
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$5,918	\$5,867	\$6,443
<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,918)</u>	<u>(5,867)</u>	<u>(6,443)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.00%	0.13%	0.13%	0.13%
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.13%</u>	<u>13.13%</u>	<u>13.13%</u>

Tri-Rivers Joint Vocational School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3 percent was used.

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

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3 percent	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent	4 percent to 22 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation

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

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2017 and prior are presented below.

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0 percent effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

Tri-Rivers Joint Vocational School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Beginning with fiscal year 2018, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using Mortality Improvement Scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table, projected forward generationally using Mortality Improvement Scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males ages were set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty were set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Net OPEB Liability

Changes in Assumptions - SERS

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

Municipal Bond Index Rate	
Fiscal Year 2021	2.45 percent
Fiscal Year 2020	3.13 percent
Fiscal Year 2019	3.62 percent
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense including inflation	
Fiscal Year 2021	2.63 percent
Fiscal Year 2020	3.22 percent
Fiscal Year 2019	3.7 percent
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

Changes in Assumptions - STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)”, and the long-term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal, and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

Tri-Rivers Joint Vocational School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Changes in Benefit Terms - STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B reimbursements will be discontinued beginning January 1, 2020.

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

For fiscal year 2020, there was no change to the claims cost process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims cost process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on the June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Federal AL Number	Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Student Financial Assistance Cluster:		
Federal Pell Grant Program (Direct)	84.063	405,879
Federal Direct Student Loans (Direct)	84.268	668,212
Total Student Financial Assistance Cluster		<u>1,074,091</u>
Rural Education (Direct)	84.358	65,109
COVID-19 Education Stabilization Fund (Direct)	84.425E	71,294
COVID-19 Education Stabilization Fund (Direct)	84.425F	45,272
COVID-19 Education Stabilization Fund (Direct)	84.425F	42,663
COVID-19 Education Stabilization Fund (Direct)	84.425N	252,012
<i>Passed Through the Ohio Department of Education:</i>		
COVID-19 Education Stabilization Fund	84.425C	101,038
Total Education Stabilization Fund		<u>512,279</u>
Career and Technical Education - Basic Grants to States	84.048	430,984
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>2,082,463</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>		
<i>Passed Through the Ohio Department of Education:</i>		
COVID-19 Coronavirus Relief Funds	21.019	29,234
<i>Passed Through Ohio Department of Higher Education:</i>		
COVID-19 Coronavirus Relief Funds	21.019	34,346
Total Coronavirus Relief Funds		<u>63,580</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY		<u>63,580</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through the Ohio Department of Education:</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	53,254
COVID-19 School Breakfast Program	10.553	5,370
National School Lunch Program	10.555	161,601
COVID-19 National School Lunch Program	10.555	19,064
Total Child Nutrition Cluster		<u>239,289</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>239,289</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,385,332</u>

The accompanying notes are an integral part of this schedule.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or the cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FEDERAL DIRECT LOAN PROGRAM

The School District participates in the Federal Direct Student Loans Program. The School District originates the loans, which are then funded through the U.S. Department of Education.

Federal Subsidized Loans	\$ 171,973
Federal Unsubsidized Loans	488,575
Federal PLUS Loans	<u>7,664</u>
Total Federal Direct Student Loans	<u><u>\$ 668,212</u></u>

OHIO AUDITOR OF STATE KEITH FABER



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

Tri-Rivers Joint Vocational School District
Marion County
2222 Marion-Mt. Gilead Road
Marion, Ohio 43302

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-Rivers Joint Vocational School District, Marion County, (the School District) as of and for the year ended June 30, 2021, 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 March 21, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2022

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Tri-Rivers Joint Vocational School District
Marion County
2222 Marion-Mt. Gilead Road
Marion, Ohio 43302

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Tri-Rivers Joint Vocational School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Tri-Rivers Joint Vocational School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Tri-Rivers Joint Vocational School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2022

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund (#84.425)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT

MARION COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/5/2022

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This report is a matter of public record and is available online at
www.ohioauditor.gov