



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2014
Fiscal Year Audited Under GAGAS: 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Trimble Local School District, Athens County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 26, 2015

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**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Trimble Local School District
Athens County
One Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Trimble Local School District, Athens County, Ohio, (the School District) as of and for the year ended June 30, 2014, 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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended June 30, 2014, the School District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*. 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 as 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 Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Schedule of Federal Award Receipts and Expenditures 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 the Schedule of Federal Receipts and Expenditures to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
December 16, 2014

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited**

The discussion and analysis of the financial performance of Trimble Local School District (the School District) provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. 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.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- Net position of governmental activities increased \$237,822.
- General revenues accounted for \$8,144,759 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$2,815,330 or 26 percent of total revenues of \$10,960,089.
- The School District had \$10,722,267 in expenses related to governmental activities; only \$2,815,330 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$8,144,759 was adequate to provide for these programs.
- Program expenses totaled \$10,722,267. Instructional expenses made up \$6,309,455 or 59 percent of this total while support services accounted for \$3,690,073, or 34 percent. Other expenses of \$722,739 rounded out the remaining 7 percent.
- The School District had one major fund: the General Fund. The General Fund had \$8,971,347 in revenues and other financing sources and \$8,477,953 in expenditures and other financing uses. The General Fund's balance increased \$493,394.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited
(Continued)**

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

In the statement of net position and the statement of activities, all of the School District's programs and services are reported as governmental activities instruction, support services, operation and maintenance of capital assets, pupil transportation, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited
(Continued)**

**Table 1
Net Position
Governmental Activities**

	2014	2013*
<u>Assets</u>		
Current and Other Assets	\$5,292,993	\$4,412,144
Capital Assets, Net	13,637,749	13,787,168
Total Assets	18,930,742	18,199,312
<u>Liabilities</u>		
Other Liabilities	1,269,993	1,083,787
Long-Term Liabilities	1,411,925	1,174,931
Total Liabilities	2,681,918	2,215,468
Deferred Inflow of Resources	690,441	620,033
<u>Net Position</u>		
Net Investment in Capital Assets	12,969,921	13,245,541
Restricted	443,436	369,817
Unrestricted	2,145,026	1,705,203
Total	\$15,558,383	\$15,320,561

* Certain reclassifications were made to prior year amounts in order to conform with the 2014 presentation.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the School District's assets exceeded liabilities and deferred inflows of resources by \$15,558,383. By comparing assets, liabilities, and deferred inflows of resources one can see the overall position of the School District as evidenced by the increase in net position of \$237,822.

A portion of the School District's net position, \$443,436, represents resources that are subject to external restrictions on how they may be used. There remains a positive balance of unrestricted net position of \$1,988,392, which is sufficient to provide for the School District's ongoing obligations to the students and creditors.

At fiscal year-end, capital assets represented 72 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2014 were \$13,126,555. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets are not liquidated to reduce these liabilities.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2014. Comparisons to 2013 have been included, as follows:

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited
(Continued)**

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

	2014	2013
<u>Revenues</u>		
Program Revenues:		
Charges for Services and Sales	\$770,995	\$773,302
Operating Grants, and Contributions	2,044,335	1,769,456
Total Program Revenues	2,815,330	2,542,758
General Revenues:		
Property Taxes	786,102	827,268
Grants and Entitlements	7,199,709	7,040,146
Gifts and Donations	36,871	59,586
Investment Earnings	3,748	3,658
Miscellaneous	118,329	61,918
Gain on Sale of Assets	-	6,068
Total General Revenues	8,144,759	7,998,644
Total Revenues	10,960,089	10,541,402
<u>Expenses</u>		
Instruction:		
Regular	3,975,398	4,049,609
Special	2,223,881	1,842,599
Vocational	852	4,272
Other	109,324	104,037
Support Services:		
Pupils	435,870	429,759
Instructional Staff	273,226	677,449
Board of Education	138,792	86,466
Administration	784,350	714,914
Fiscal	260,713	247,615
Operation and Maintenance of Plant	1,002,624	971,811
Pupil Transportation	632,611	709,508
Central	161,887	27,073
Non-Instructional	510,318	546,994
Extracurricular Activities	182,056	178,765
Interest and Fiscal Charges	30,365	30,681
Total Expenses	10,722,267	10,621,552
Increase/(Decrease) in Net Position	237,822	(80,150)
Net Position Beginning of Year	15,320,561	15,400,711
Net Position End of Year	\$15,558,383	\$15,320,561

The increase in program revenue operating grants was attributed to the increases in 21st Century Grant, the Title II-A Grant, Title I, IDEA Special Education, Early Childhood, and Title VIB.

The decrease in regular instruction expenses was attributed to the overall decreases in wages and benefits, while the increase in special instruction was attributed to the increase in some grant programs and certain account code changes which also caused the decrease in instructional staff.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited
(Continued)**

The increase in operation and maintenance of plant expense was due to increases in overall repairs and maintenance as well as an increase in electric utility bills for 2014.

Net position of the School District's governmental activities increased by \$237,822 in fiscal year 2014. Program revenues of \$2,815,330 and general revenue of \$8,144,759 did offset total governmental expenses of \$10,722,267. Program revenues supported 26 percent of total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 98 percent of total general revenue. Grants and entitlements, alone, represent 88 percent of general revenues. Interest income, gifts and donations, gain on the sale of capital assets and miscellaneous revenue account for the remaining 2 percent of general revenues.

Instruction comprises approximately 59 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 34 percent. The remaining 7 percent of program expenses is used for other obligations of the School District such as non-instructional, extracurricular activities, and interest and fiscal charges.

The statement of activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Instruction:				
Regular	\$3,975,398	\$2,925,700	\$4,049,609	\$3,171,699
Special	2,223,881	1,111,709	1,842,599	1,030,130
Vocational	852	852	4,272	4,272
Other	109,324	109,324	104,037	104,037
Support Services:				
Pupils	435,870	435,870	429,759	381,899
Instructional Staff	273,226	161,393	677,449	403,008
Board of Education	138,792	138,792	86,466	86,466
Administration	784,350	755,499	714,914	677,542
Fiscal	260,713	260,713	247,615	247,615
Operation and Maintenance of Plant	1,002,624	956,772	971,811	925,959
Pupil Transportation	632,611	632,611	709,508	709,508
Central	161,887	136,059	27,073	27,073
Non-Instructional	510,318	138,832	546,994	167,279
Extracurricular Activities	182,056	112,446	178,765	111,626
Interest and Fiscal Charges	30,365	30,365	30,681	30,681
Total Expenses	<u>\$10,722,267</u>	<u>\$7,906,937</u>	<u>\$10,621,552</u>	<u>\$8,078,794</u>

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent. Ohio law requires County Auditors to reappraise all real property every six years. As a result of the latest update, the School District's valuation increased approximately \$7,000,000. The next comprehensive reappraisal of property values occurred in 2009. Slow valuation appeals from existing property owners seeking to reduce their taxes usually by claiming market value decreases resulting from area economic factors. Local economic conditions, in fact, are the major reason that the School District has not sought additional operating millage.

The unique nature of property taxes in Ohio does not allow for revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rate applied to real property.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$11,153,765 and expenditures and other financing sources of \$10,647,611.

General Fund Budgeting Highlights

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

The School District uses a modified site-based budgeting technique that is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue was the same as the original estimates of \$8,339,086.

The School District's ending unobligated General Fund balance was \$3,176,591.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$13,637,749 invested in land, land improvements, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2014 balances compared to 2013.

**Table 4
Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2014	2013
Land and Land Improvements	\$133,506	\$143,527
Construction in Progress	78,317	-
Buildings and Improvements	12,594,922	12,904,149
Furniture and Equipment	602,856	555,780
Vehicles	228,148	183,712
Totals	\$13,637,749	\$13,787,168

For additional information on capital assets, see the notes to the basic financial statements.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited
(Continued)**

Debt

At June 30, 2014, the School District had general obligation bonds outstanding of \$460,000. For additional information on debt, see the notes to the basic financial statements.

On March 7, 2014, the School District obtained a \$262,454 loan from the Ohio Development Services Agency. For additional information on debt, see the notes to the basic financial statements.

Current Issues

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

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

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes and State subsidies to fund its operations. Due to slow economic growth, the School District does not foresee any sustainable growth in revenue from property taxes or State subsidies. Thus management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the School District is largely dependent on State funding sources (nearly 89 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a School District's property tax wealth. The School District has seen a slight decline in student enrollment in recent years and while State revenue growth has shifted toward school districts with low property tax wealth, declining enrollment has served to somewhat offset any increase in State funding.

Although higher per-pupil funding has helped the School District lessen the impact of required budget cuts, much of the positive impact has been offset by other negative financial factors that occurred in the past year (decreasing enrollment, lower interest earnings, higher insurance costs, and State budget cuts in education). In the long run, the fact is that as long as the State avoids the complete systematic overhaul the Supreme Court ordered in its initial ruling, all schools in Ohio will be faced with the same problem in the future-either increasing its revenues (passing levies) or decreasing its expenditures (making budget cuts).

On the upside, the School District has improved its financial position over the past several years, and has increased its cash balance carry-over in each of the last five years.

As the preceding information shows, the School District depends upon its taxpayers. Although the School District has tightened spending to better bring expenditures in line with revenues, and carefully watched financial planning, this must continue if the School District hopes to remain on firm financial footing.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited
(Continued)**

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 show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Cindy Rhonemus, Treasurer at Trimble Local School District, One Tomcat Drive, Glouster, Ohio 45732.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Net Position
June 30, 2014**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 3,695,911
Cash and Cash Equivalents in Segregated Accounts	250
Cash and Cash Equivalents with Escrow Agent	157,473
Materials and Supplies Inventory	23,339
Accounts Receivable	66,477
Intergovernmental Receivable	251,876
Taxes Receivable	1,097,667
Non-Depreciable Capital Assets	133,687
Depreciable Capital Assets, net	13,504,062
Total Assets	<u><u>18,930,742</u></u>
Liabilities:	
Accounts Payable	47,871
Contracts Payable	78,317
Accrued Wages and Benefits	900,098
Intergovernmental Payable	238,828
Accrued Interest Payable	4,879
Long-Term Liabilities:	
Due Within One Year	103,194
Due in More Than One Year	1,308,731
Total Liabilities	<u><u>2,681,918</u></u>
Deferred Inflows of Resources:	
Taxes Levied for Next Fiscal Year	<u>690,441</u>
Net Position:	
Net Investment in Capital Assets	12,969,921
Restricted for Debt Service	256,477
Restricted for Capital Outlay	8,751
Restricted for Other Purposes	178,208
Unrestricted	2,145,026
Total Net Position	<u><u>\$ 15,558,383</u></u>

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2014**

	Program Revenues			Net(Expense) Revenue and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$ 3,975,398	\$ 637,066	\$ 412,632	\$ (2,925,700)
Special	2,223,881	-	1,112,172	(1,111,709)
Vocational	852	-	-	(852)
Other	109,324	-	-	(109,324)
Support Services:				-
Pupils	435,870	-	-	(435,870)
Instructional Staff	273,226	-	111,833	(161,393)
Board of Education	138,792	-	-	(138,792)
Administration	784,350	-	28,851	(755,499)
Fiscal	260,713	-	-	(260,713)
Operation and Maintenance of Plant	1,002,624	-	45,852	(956,772)
Pupil Transportation	632,611	-	-	(632,611)
Central	161,887	-	25,828	(136,059)
Operation of Non-Instructional Services	510,318	64,319	307,167	(138,832)
Extracurricular Activities	182,056	69,610	-	(112,446)
Interest and Fiscal Charges	30,365	-	-	(30,365)
Totals	\$ <u>10,722,267</u>	\$ <u>770,995</u>	\$ <u>2,044,335</u>	\$ <u>(7,906,937)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				751,152
Property Taxes, Levied for Debt Service				22,774
Property Taxes, Levied for Other				12,176
Grants and Entitlements not Restricted to Specific Programs				7,199,709
Gifts and Donations				36,871
Investment Earnings				3,748
Miscellaneous				118,329
Total General Revenues				<u>8,144,759</u>
Change in Net Position				237,822
Net Position Beginning of Year				15,320,561
Net Position End of Year				\$ <u>15,558,383</u>

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2014**

	General Fund	All Other Governmental Funds	Total Governmental Funds
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 3,318,937	\$ 376,974	\$ 3,695,911
Cash and Cash Equivalents in Segregated Accounts	-	250	250
Cash and Cash Equivalents with Escrow Agents	-	157,473	157,473
Materials and Supplies Inventory	12,385	10,954	23,339
Accounts Receivable	66,477	-	66,477
Interfund Receivable	8,970	-	8,970
Intergovernmental Receivable	-	251,876	251,876
Taxes Receivable	1,028,349	69,318	1,097,667
Total Assets	\$ 4,435,118	\$ 866,845	\$ 5,301,963
Liabilities			
Current Liabilities:			
Accounts Payable	-	47,871	47,871
Contracts Payable	7,832	70,485	78,317
Accrued Wages and Benefits	734,239	165,859	900,098
Interfund Payable	-	8,970	8,970
Intergovernmental Payable	206,901	31,927	238,828
Total Liabilities	948,972	325,112	1,274,084
Deferred Inflows of Resources:			
Taxes Levied for Next Fiscal Year	625,178	65,263	690,441
Unavailable Revenue - Delinquent Taxes	316,660	-	316,660
Unavailable Revenue - Grants	-	149,936	149,936
	941,838	215,199	1,157,037
Fund Balances			
Nonspendable	16,436	10,954	27,390
Restricted	-	374,955	374,955
Committed	-	86,988	86,988
Assigned	120,220	-	120,220
Unassigned	2,407,652	(146,363)	2,261,289
Total Fund Balances	2,544,308	326,534	2,870,842
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,435,118	\$ 866,845	\$ 5,301,963

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2014**

Total Governmental Fund Balances	\$	2,870,842
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.</p>		13,637,749
<p>Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.</p>		
Delinquent Taxes	316,660	
Grants	149,936	
		466,596
<p>Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:</p>		
Accrued Interest Payable	(4,879)	
General Obligation Bonds Payable	(460,000)	
Accreted Debt from Capital Appreciation Bonds	(52,099)	
Capital Leases Payable	(24,530)	
Ohio Development Services Agency Energy Loan	(262,454)	
Compensated Absences Payable	(612,842)	
		(1,416,804)
Net Position of Governmental Activities	\$	15,558,383

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014**

	General Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property and Other Local Taxes	\$ 733,047	\$ 40,928	\$ 773,975
Intergovernmental	7,478,356	1,658,270	9,136,626
Interest	3,740	8	3,748
Tuition and Fees	634,524	-	634,524
Extracurricular Activities	2,542	69,610	72,152
Gifts and Donations	11,071	25,800	36,871
Customer Sales and Services	-	64,319	64,319
Miscellaneous	107,915	10,262	118,177
Total Revenues	8,971,195	1,869,197	10,840,392
EXPENDITURES:			
Current:			
Instruction:			
Regular	3,521,347	341,748	3,863,095
Special	1,341,024	785,410	2,126,434
Other	109,324	-	109,324
Support Services:			
Pupils	405,090	4,762	409,852
Instructional Staff	126,364	119,569	245,933
Board of Education	138,792	-	138,792
Administration	659,101	47,647	706,748
Fiscal	250,666	1,517	252,183
Operation and Maintenance of Plant	937,638	48,379	986,017
Pupil Transportation	614,825	26,518	641,343
Central	132,628	38,975	171,603
Operation of Non-Instructional Services	64,062	433,069	497,131
Extracurricular Activities	98,544	77,913	176,457
Capital Outlay	19,497	175,466	194,963
Debt Service:			
Principal	7,097	50,000	57,097
Interest	1,187	18,685	19,872
Total Expenditures	8,427,186	2,169,658	10,596,844
Excess of Revenues Over (Under) Expenditures	544,009	(300,461)	243,548
OTHER FINANCING SOURCES AND USES:			
Transfers In	-	50,767	50,767
Proceeds from Sale of Assets	152	-	152
Energy Loan Issued	-	262,454	262,454
Transfers Out	(50,767)	-	(50,767)
Total Other Financing Sources and Uses	(50,615)	313,221	262,606
Net Change in Fund Balances	493,394	12,760	506,154
Fund Balance at Beginning of Year	2,050,914	313,774	2,364,688
Fund Balance at End of Year	\$ 2,544,308	\$ 326,534	\$ 2,870,842

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**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, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ 506,154

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

Governmental funds report capital outlay 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 additions in the current year.

Capital Additions - Depreciable Capital Assets	517,064	
Depreciation	<u>(665,573)</u>	(148,509)

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 and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

Gain (Loss) on Disposal of Capital Assets		(910)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	107,418	
Delinquent Property Taxes	<u>12,127</u>	119,545

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		57,097
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In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		(1,464)
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Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, they are not reported as expenditures in governmental funds:

Increase in Compensated Absences	(22,608)	
Increase in Accreted Debt	<u>(9,029)</u>	(31,637)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.

Ohio Development Services Agency Energy Loan		(262,454)
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Change in Net Position of Governmental Activities		\$ <u><u>237,822</u></u>
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See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 737,000	\$ 737,000	\$ 744,589	\$ 7,589
Intergovernmental	6,940,636	6,940,636	7,478,356	537,720
Interest	3,200	3,200	3,516	316
Tuition and Fees	658,000	658,000	635,651	(22,349)
Rent	100	100	-	(100)
Gifts and Donations	-	-	10,571	10,571
Miscellaneous	150	150	112	(38)
Total Revenues	<u>8,339,086</u>	<u>8,339,086</u>	<u>8,872,795</u>	<u>533,709</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,734,929	3,922,308	3,499,565	422,743
Special	1,278,277	1,369,225	1,302,576	66,649
Other	115,000	120,000	109,324	10,676
Support Services:				
Pupils	396,040	396,040	344,190	51,850
Instructional Staff	178,658	144,844	134,400	10,444
Board of Education	100,000	151,855	139,074	12,781
Administration	695,113	698,732	654,962	43,770
Fiscal	253,300	269,998	245,317	24,681
Operation and Maintenance of Plant	978,444	1,073,487	943,040	130,447
Pupil Transportation	690,410	690,410	586,808	103,602
Central	141,140	155,818	142,830	12,988
Operational of Non-Instructional Services	67,316	67,316	63,142	4,174
Extracurricular Activities	115,410	115,660	96,653	19,007
Capital Outlay	-	29,161	29,165	(4)
Debt Service				
Principal	-	-	7,097	(7,097)
Interest and Fiscal Charges	-	-	1,187	(1,187)
Total Expenditures	<u>8,744,037</u>	<u>9,204,854</u>	<u>8,299,330</u>	<u>905,524</u>
Excess of Revenues Over (Under) Expenditures	<u>(404,951)</u>	<u>(865,768)</u>	<u>573,465</u>	<u>1,439,233</u>
Other Financing Sources and Uses:				
Advances In	-	-	5,530	5,530
Proceeds from Sale of Assets	-	-	152	152
Refund of Prior Year Expenditures	-	-	36,700	36,700
Transfers Out	(55,000)	(84,000)	(50,767)	33,233
Advances Out	(10,000)	(5,600)	(8,970)	(3,370)
Total Other Financing Sources and Uses	<u>(65,000)</u>	<u>(89,600)</u>	<u>(17,355)</u>	<u>72,245</u>
Net Change in Fund Balances	(469,951)	(955,368)	556,110	1,511,478
Fund Balance at Beginning of Year	2,618,370	2,618,370	2,618,370	-
Prior Year Encumbrances Appropriated	2,111	2,111	2,111	-
Fund Balance at End of Year	<u>\$ 2,150,530</u>	<u>\$ 1,665,113</u>	<u>\$ 3,176,591</u>	<u>\$ 1,511,478</u>

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>42,922</u>	\$ <u>12,715</u>
Total Assets	<u>42,922</u>	<u>12,715</u>
Liabilities:		
Current Liabilities:		
Undistributed Monies	<u>-</u>	<u>12,715</u>
Total Liabilities	<u>-</u>	<u>12,715</u>
Net Position:		
Held in Trust for Scholarships	<u>42,922</u>	
Total Net Position	<u>\$ <u>42,922</u></u>	

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014**

	<u>Private Purpose Trust</u>
Additions:	
Gifts and Contributions	\$ 1,035
Interest	<u>637</u>
Total Additions	<u>1,672</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>3,764</u>
Total Deductions	<u>3,764</u>
Change in Net Position	(2,092)
Net Position Beginning of Year	<u>45,014</u>
Net Position End of Year	<u>\$ 42,922</u>

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

1. Description of the School District and Reporting Entity

Trimble Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's three instructional/support facilities staffed by 50 classified employees, 63 certificated teaching personnel, and 4 administrators, who provide services to 819 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the 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. The School District has no component units.

The School District participates in the Southeast Ohio Voluntary Education Consortium, the Tri-County Career Center, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Sheakley Uniservice Workers' Compensation Group Rating Program, the Ohio School Plan, and the Athens County School Employee Health and Welfare Benefit Association which are defined as insurance purchasing pools. These organizations are discussed in Notes 14 and 15.

2. Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

The statement of net position presents the financial condition of the governmental 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. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that 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 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds used by the School District can be classified using two categories, governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for 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 plus deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources not accounted for and not reported in another fund.

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

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 trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's trust funds are private purpose trust funds which account for college scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on a flow of economic resources measurement focus. All assets, deferred inflow/outflows of resources and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. 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, deferred inflows/outflows of resources and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

The private-purpose trust funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Revenues - Exchange and Non-Exchange Transactions

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

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

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

Deferred Inflows of Resources and Deferred Outflows 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. The School District did not report any deferred outflows of resources for fiscal year 2014.

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 as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources consists of property taxes and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 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 includes accrued interest, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. These amounts are recorded as revenue on the statement of activities.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The School District has a segregated bank account for athletic monies held separate from the School District's central bank account. This non-interest bearing depository account is presented as cash and cash equivalents in segregated accounts since it is not deposited in the School District Treasury.

As more fully described in Note 13, the School District borrowed monies from the Ohio Development Services Agency and the monies were placed with an escrow agent from which the School District can request draws for construction payments. This is presented as cash and cash equivalents with escrow agent.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on, quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$3,740, which includes \$2,768 assigned from other School District funds.

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventories consist of expendable supplies held for consumption and donated commodities held for resale.

I. Capital Assets

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All 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>Estimated Lives</u>
Land Improvements	50 years
Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	8 years

J. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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 employees after five years of current service with the School District.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. 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 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. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

The School District 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.

N. Interfund Balances

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

O. Estimates

The preparation of financial statements in conformity with generally accepted in the United States of America 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.

P. Net Position

Net position represents the difference between assets and liabilities plus deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position include activities for food service operations and federal and state grants restricted to expenditure for specified purposes. Of the School District's restricted net position, none are restricted by enabling legislation.

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

Q. Budgetary Process

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

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

3. Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) presented for the General Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) 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 a restriction, commitment or assignment of fund balance (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

**TRIMBLE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

3. Budgetary Basis of Accounting (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

Net Change in Fund Balance Major Governmental Fund	
	General
GAAP Basis	\$493,394
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2013, Received In Cash FY 2014	147,657
Accrued FY 2014, Not Yet Received in Cash	(189,688)
Expenditure Accruals:	
Accrued FY 2013, Paid in Cash FY 2014	(826,408)
Accrued FY 2014, Not Yet Paid in Cash	973,287
Non General Fund Activity	(1,304)
Advances Net	(3,440)
Encumbrances Outstanding at Year End (Budget Basis)	(37,388)
Budget Basis	\$556,110

4. Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies 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 the payment of 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, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**TRIMBLE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

4. Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible in institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
9. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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, by surety Company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

4. Deposits and Investments (Continued)

The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2014, the School District's bank balance of \$3,331,297 was either covered by the FDIC or collateralized by the financial institutions' public entity deposit pools in the manner described above.

Investments

As of June 30, 2014, the School District had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>
STAR Ohio	\$500,468	\$500,468

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

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

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

5. Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year. Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable June 30. Under certain circumstances, State statute permits alternate payment dates to be established.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

5. Property Taxes (Continued)

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Athens and Morgan 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, 2014, are available to finance the fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property	\$40,714,615	91%	\$37,377,830	91%
Public Utility Tangible Personal Property	4,254,492	9%	3,444,350	8%
Total	<u>\$44,969,107</u>	<u>100%</u>	<u>\$40,822,180</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$31.77		\$31.77	

The amount available as an advance at June 30, 2014, was \$86,511 in the General Fund, \$2,718 in the Bond Retirement Fund, and \$1,336 in the Class Facilities Fund.

6. Receivables

Receivables at June 30, 2014, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Title VI-B Idea	\$15,182
School Improvement Grant	26,456
Title I	41,193
Early Childhood	1,355
Title II-A	12,449
Twenty First Century Grant	155,241
Total	<u>\$251,876</u>

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

7. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at 6/30/2013	Additions	Deductions	Balance at 6/30/2014
Capital Assets:				
Nondepreciable Capital Assets:				
Land	\$55,370	\$-	\$-	\$55,370
Construction in Progress	-	78,317	-	78,317
Total Nondepreciable Capital Assets	<u>55,370</u>	<u>78,317</u>	<u>-</u>	<u>133,687</u>
Depreciable Capital Assets:				
Land Improvements	748,237	-	-	748,237
Buildings and Improvements	21,372,481	168,344	-	21,540,825
Furniture, Fixtures, and Equipment	2,187,086	186,949	(92,478)	2,281,557
Vehicles	975,404	83,454	-	1,058,858
Total Depreciable Capital Assets	<u>25,283,208</u>	<u>438,747</u>	<u>(92,478)</u>	<u>25,629,477</u>
Less Accumulated Depreciation:				
Land Improvements	(660,080)	(10,021)	-	(670,101)
Buildings and Improvements	(8,468,332)	(477,571)	-	(8,945,903)
Furniture, Fixtures, and Equipment	(1,631,306)	(138,963)	91,568	(1,678,701)
Vehicles	(791,692)	(39,018)	-	(830,710)
Total Accumulated Depreciation	<u>(11,551,410)</u>	<u>(665,573)</u>	<u>91,568</u>	<u>(12,125,415)</u>
Depreciable Capital Assets, Net	<u>13,731,798</u>	<u>(226,826)</u>	<u>(910)</u>	<u>13,504,062</u>
Capital Assets, Net	<u>\$13,787,168</u>	<u>(\$226,826)</u>	<u>(\$910)</u>	<u>\$13,637,749</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$277,712
Special	99,304
Vocational	852
Support Services:	
Pupil	23,633
Instructional Staff	22,248
Administration	41,201
Fiscal	11,977
Operation and Maintenance of Plant	65,368
Pupil Transportation	68,181
Central	13,073
Operation of Non-Instructional Services	30,014
Extracurricular Activities	12,010
Total Depreciation Expense	<u>\$665,573</u>

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

8. 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. The School District joined together with other school districts in Ohio to participate in the Metropolitan Education Council Liability, Fleet, and Property Program, a public entity insurance purchasing pool.

Each individual school district enters into an agreement with the Ohio School Plan and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the Ohio School Plan (Note 15).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

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

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2013.

9. Defined Benefit Pension Plans

A. School Employee Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under *Employers/Audit Resources*.

**TRIMBLE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

9. Defined Benefit Pension Plans (Continued)

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, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS which were allocated for pension and death benefits for the fiscal years ended June 30, 2014, 2013 and 2012 were \$241,488, \$234,516 and \$219,158, respectively; 50 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012. \$122,964 represents the unpaid contribution for fiscal year 2014 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**TRIMBLE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

9. Defined Benefit Pension Plans (Continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

**TRIMBLE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

9. Defined Benefit Pension Plans (Continued)

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers.

For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. For the fiscal years ended June 30, 2013 and 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$531,401, \$542,232, and \$592,727, respectively; 82 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012. \$93,252 represents the unpaid contribution for fiscal year 2014 and is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Effective July 1, 2014, plan members will be required to contribute 12% of their annual covered salaries.

10. Postemployment Benefits

A. State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

**TRIMBLE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

10. Postemployment Benefits (Continued)

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013, and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$37,957, \$38,731, and \$45,594 for fiscal years 2014, 2013, and 2012, respectively, which is equal to the contributions for each year.

B. School Employee Retirement System

In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two post employment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2014, 2013, and 2012, the actuarially required allocation was 0.76 percent, 0.74 percent, and 0.75 percent. For the School District, contributions for the years ended June 30, 2014, 2013, and 2012, were \$13,109, \$12,396, and \$12,942 which equaled the required contributions for those years.

Health Care Plan

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

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

10. Postemployment Benefits (Continued)

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. At June 30, 2014, 2013, and 2012, the health care allocations were 0.14 percent, 0.16 percent, and 0.55 percent, respectively. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2014, 2013, and 2012 fiscal years equaled \$2,415, \$2,680, and \$9,491, respectively, which is equal to the required amounts for those years.

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 upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

11. Employee Benefits (Continued)

B. Insurance Benefits

The School District provides health and major medical insurance for all eligible employees through the Athens County School Employee Health and Welfare Benefit Association. There are two plans to choose from, the PPO and the Optional PPO. The School District pays 88 percent of the total monthly premiums of \$1,631 for family coverage and 93.5 percent of \$610 for single coverage for the Alternate PPO for certified employees; The School District pays 79 percent of \$1,808 for family coverage and 84 percent of \$677 for single coverage for the PPO for certified employees. The School District pays 92 percent of the total monthly premiums of \$1,631 for family coverage and 97 percent of \$610 for single coverage for the Alternate PPO for classified employees. The School District pays 83 percent of \$1,808 for family coverage and 87.5 percent of \$677 for single coverage for the PPO for classified employees. Premiums are paid from the same funds that pay the employees' salaries. The School District also provides prescription drug insurance to its employees through Anthem Blue Cross/Blue Shield. This plan utilizes a \$5 per generic prescription and \$12 per brand name prescription deductible for PPO and \$10 tier 1/ \$30 tier 2/ \$50 tier 3 prescription deductible for Alternate PPO.

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

Dental coverage is provided through CoreSource. Monthly premiums are \$49.55 for all employees.

12. Capitalized Leases

In 2013, the School District has entered into lease agreements for copiers. These lease obligations meets the criteria of a capital lease as defined by Governmental Accounting Standards Board Statement No. 62. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments in fiscal year 2014 totaled \$7,097 in the governmental funds.

The equipment has been capitalized in the amount of \$37,260, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of June 30, 2014, was \$3,726 leaving a remaining book value of \$33,534.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2014:

Fiscal Year Ending June 30,	General Long-Term Obligations
2015	\$8,285
2016	8,284
2017	8,285
2018	1,381
Total Future Minimum Lease Payments	26,235
Less: Amount Representing Interest	(1,705)
Present Value of Future Minimum Lease Payments	\$24,530

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

13. Long-Term Obligations

Changes in long-term obligations during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/2013	Additions	Deductions	Balance at 6/30/2014	Due Within One Year
Governmental Activities:					
2006 4.09 % Bond Refinancing Issue	\$475,000	\$-	\$50,000	\$425,000	\$55,000
2006 Bond Refinancing Issue – Capital Appreciation Bonds	35,000	-	-	35,000	-
Accretion on Capital Appreciation Bonds	43,070	9,029	-	52,099	-
Total General Obligation Bonds	553,070	9,029	50,000	512,099	55,000
Capital Leases	31,627	-	7,097	24,530	6,472
Ohio Development Services Agency – Energy Loan	-	262,454	-	262,454	8,432
Compensated Absences	590,234	81,631	59,023	612,842	33,290
Total Governmental Activities Long-Term Obligations	\$1,174,931	\$353,114	\$116,120	\$1,411,925	\$103,194

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

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2016 and 2017. The maturity amount of the capital appreciation bonds is \$115,000. For fiscal year 2014, the capital appreciation bonds accreted \$9,029.

The bonds are being retired through the debt service fund.

Ohio Development Services Agency Energy Loan - On March 7, 2014, the School District obtained a \$262,454 loan through the Ohio Development Services Agency to be used for energy upgrades. The loan has a 1 percent interest rate. The loan will mature on February 1, 2029. The loan will be paid through the School District's general fund. The unexpended proceeds from this loan as of June 30, 2014 were \$157,473.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

13. Long-Term Obligations (Continued)

Principal and interest requirements to retire the General Obligation Bonds and loan outstanding at June 30, 2014, are as follows:

Refinancing Bonds				
<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted</u> <u>Debt</u>	<u>Total</u>
2015	\$ 55,000	\$ 16,743	\$ -	\$ 71,743
2016	19,363	15,725	40,637	75,725
2017	15,637	15,725	39,363	70,725
2018	55,000	14,557		69,557
2019	60,000	12,113		72,113
2020-2023	255,000	22,421		277,421
Total	\$ 460,000	\$ 97,284	\$ 80,000	\$ 637,284

Principal and interest requirements to retire the Energy Loan outstanding at June 30, 2014, are as follows:

Ohio Development Services Agency Energy Loan			
<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 8,432	\$ 826	\$ 9,258
2016	16,992	1,874	18,866
2017	17,162	1,746	18,908
2018	17,334	1,617	18,951
2019	17,508	1,487	18,995
2020-2024	90,207	5,432	95,639
2025-2029	94,819	1,942	96,761
Total	\$ 262,454	\$ 14,924	\$ 277,378

Capital leases will be paid from the General Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Food Service, Title VI-B Idea, Title I, Handicapped Preschool, and the Title II-A Special Revenue Funds.

The School District's overall legal debt margin was \$3,161,897, with an unvoted debt margin of \$408,222 at June 30, 2014.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

14. Jointly Governed Organizations

A. Southeast Ohio Voluntary Educational Consortium

The Southeast Ohio Voluntary Education Consortium (SEOVEC) was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium 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. SEOVEC has 30 participants consisting of 26 school districts and 4 educational service centers. SEOVEC is governed by a board, which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. The School District paid SEOVEC \$38,448 for services provided during the fiscal year. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

B. Tri-County Career Center

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

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the Coalition) consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid the Coalition \$325 for services provided during the year.

15. Insurance Purchasing Pool

A. Sheakley Workers' Compensation Group Rating Program

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

15. Insurance Purchasing Pool (Continued)

B. Ohio School Plan

The School District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 300 (per website & latest F/S) Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financials statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$6,841,599	\$5,351,369
Liabilities	4,052,930	2,734,952
Members' Equity	2,788,669	2,616,417

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

C. Athens County School Employee Health and Welfare Benefit Association

The School District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 98, Dola, Ohio 45835.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

16. Interfund Activity and Balances

A. Transfers

Transfers made during fiscal year 2014 were as follows:

Transfer from	Transfer to Other Nonmajor Governmental
General Fund	\$50,767

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires them to expend them, (2) and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Balances

Interfund Balances at June 30, 2014, consisted of the following for services provided by the General Fund:

	Interfund Receivables	Interfund Payables
General Fund - Major	\$8,970	\$-
Special Revenue Nonmajor Fund:		
School Improvement Grant	-	8,970
Total All Funds	\$8,970	\$8,970

All the interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

17. Contingencies

A. Grants and School Contingency

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

The School District is currently a party to legal proceedings. However, the School District is of the opinion that the ultimate disposition of claims will not have a material adverse effect, if any, on the financial condition of the School District

18. Set-Aside Calculations

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

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

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2013	\$-
Current Year Set-aside Requirement	143,887
Current Year Offsets	(175,306)
Qualifying Disbursements	(395,252)
Totals	(426,671)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$-
Set-aside Reserve Balance as of June 30, 2014	\$-

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

19. 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 fund and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Nonspendable for:			
Materials and Supplies	\$12,385	\$10,954	\$23,339
Unclaimed Monies	4,051	-	4,051
Total Nonspendable	<u>16,436</u>	<u>10,954</u>	<u>27,390</u>
Restricted for:			
Regular Instruction	-	60,759	60,759
Special Instruction	-	3,119	3,119
Athletics	-	1,094	1,094
Facilities Maintenance	-	54,212	54,212
Debt Retirement	-	247,020	247,020
Permanent Improvements	-	108	108
Building Project	-	748	748
Building Construction	-	7,895	7,895
Total Restricted	<u>-</u>	<u>374,955</u>	<u>374,955</u>
Committed for:			
Permanent Improvements	-	86,988	86,988
Total Committed	<u>-</u>	<u>86,988</u>	<u>86,988</u>
Assigned for:			
School Supplies	305	-	305
Principal Funds	82,168	-	82,168
Library Automation	359	-	359
Encumbrances	37,388	-	37,388
Total Assigned	<u>120,220</u>	<u>-</u>	<u>120,220</u>
Unassigned	<u>2,407,652</u>	<u>(146,363)</u>	<u>2,261,289</u>
Total Fund Balance	<u>\$2,544,308</u>	<u>\$326,534</u>	<u>\$2,870,842</u>

20. Accountability and Compliance

At June 30, 2014, the Lunchroom, Title VI-B, Title I, Early Childhood Special Education, Twenty First Century Grant and Title II-A Special Revenue Funds had deficit fund balances of \$46,895, \$25,241, \$46,698, \$218, \$23,049 and \$4,262 respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)**

21. Change in Accounting Principles

For 2014, the School District implemented Governmental Accounting Standard Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities" and Governmental Accounting Standard Board (GASB) Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees."

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses/expenditures) or inflows of resources (revenues).

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for governments that receive guarantees on their obligations.

A non-exchange transaction occurs when a government gives value or benefit, such as providing a guarantee of an obligation, to another party without receiving equal value in exchange. Because no value is exchanged, the transaction is not often recorded on the financial statements of the government. However, GASB 70 now defines circumstances that require the government to recognize a liability. The statement addresses the guarantee of an obligation by the government entity with a legally separate entity or individual, including another government, a not-for profit organization, a private entity or blended or discretely presented component unit.

The implementation of these statements did not have any effect on net position but did result in certain reclassifications on the financial statements for the year ended June 30, 2014.

Trimble Local School District
Athens County
Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Child Nutrition Cluster:</i>						
National School Lunch Program	3L60	10.555	\$ 210,291	\$ 19,865	\$ 210,291	\$ 19,865
School Breakfast Program	3L70	10.553	105,065	-	105,065	-
Total Nutrition Cluster			315,356	19,865	315,356	19,865
Team Nutrition Grants	3GF0	10.574	2,499	-	2,499	-
Total United States Department of Agriculture			317,855	19,865	317,855	19,865
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	741,025	-	747,177	-
Total Title I, Part A Cluster			741,025	-	747,177	-
<i>Special Education Cluster (IDEA):</i>						
Special Education - Grants to States (IDEA, Part B)	3M20	84.027	242,644	-	242,278	-
Special Education - Preschool Grants (IDEA Preschool)	3C50	84.173	9,204	-	9,231	-
Total Special Education Cluster			251,848	-	251,509	-
<i>School Improvement Grants Cluster:</i>						
School Improvement Grants	3AN0	84.377	23,764	-	20,388	-
School Improvement Grants, ARRA	3DP0	84.388	4,705	-	14,911	-
Total School Improvement Grants Cluster			28,469	-	35,299	-
Twenty-First Century Community Learning Centers	3Y20	84.287	193,834	-	193,122	-
Rural Education	3Y80	84.358	17,288	-	17,290	-
Improving Teacher Quality State Grants	3Y60	84.367	86,292	-	86,974	-
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, ARRA	3FD0	84.395	1,400	-	1,400	-
Total United States Department of Education			1,320,156	-	1,332,771	-
Total Federal Financial Assistance			<u>\$ 1,638,011</u>	<u>\$ 19,865</u>	<u>\$ 1,650,626</u>	<u>\$ 19,865</u>

See accompanying notes to the schedule of federal awards receipts and expenditures.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DONATION

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE C – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

Federal funds received from the National School Lunch and Breakfast Programs were commingled with state subsidy and local revenue from the sale of meals. It was assumed that federal dollars were expended first.



Balestra, Harr & Scherer, CPAs, Inc.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Trimble Local School District
Athens County
One Tomcat Drive
Glouster, Ohio 45732

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 major fund, and the aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 16, 2014, wherein we noted the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 65.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
December 16, 2014



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Trimble Local School District
Athens County
One Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Trimble Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect Trimble Local School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

The School District's management is responsible for complying with the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Trimble Local 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, 2014.

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 OMB Circular A-133, 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 a 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 the 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 compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
December 16, 2014

**Trimble Local School District
Schedule of Findings
OMB CIRCULAR A-133 SECTION .505
June 30, 2014**

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other 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 internal control weaknesses 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 Section .510?	No
(d)(1)(vii)	Major Program(s) (list):	Title I Grants to Local Educational Agencies; CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Trimble Local School District
Schedule of Findings
OMB CIRCULAR A-133 SECTION .505
June 30, 2014**

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

Finding 2014-001

Material Weakness – Financial Reporting

Accurate financial reporting is an important part of the District's overall purpose. Financial reporting requires internal controls in place to help ensure accuracy of reporting.

No amounts were recorded in the financial report relating to accounts payable or contracts payable at June 30, 2014. During our search for unrecorded liabilities, we noted several disbursements made within the available period relating to services performed during the year ended June 30, 2014, were not recorded in accounts payable or contracts payable. Proper cutoffs are critical for the accuracy of the accrual basis of accounting. The School District agreed to record these accounts payable and contracts payable in their financial statements.

The material weakness is a result of the GAAP consultant not recording amounts related to contracts payable that was given to the consultant by the School District. Also, the School District did not identify any accounts payable during their year-end financial reporting process. Additionally, no effective review procedures were performed to timely detect and correct inaccuracies in the accrual amounts.

The School District should thoroughly review the work of the GAAP consultant to detect errors in the conversion process from the cash-basis accounting system used by the School District to the accrual-basis financial report required by Generally Accepted Accounting Principles. The School District should implement accounting policies and procedures that ensure proper cutoff of expenses.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 7, 2015**