



TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2015

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Education
Trimble Local School District
1 Tomcat Dr
Glouster, OH 45732

We have reviewed the *Independent Auditors Report* of the Trimble Local School District, Athens County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. 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

April 4, 2016

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Trimble Local School District
Table of Contents
For the Fiscal Year Ended June 30, 2015

FINANCIAL SECTION

Independent Auditor’s Report 1
Management’s Discussion and Analysis4

Basic Financial Statements:

Government-wide Financial Statements

Statement of Net Position 14
Statement of Activities..... 15

Fund Financial Statements

Balance Sheet - Governmental Funds 16
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities 17
Statement of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities..... 19
Statement of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund..... 20
Statement of Fiduciary Net Position - Fiduciary Funds..... 21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds..... 22
Notes to the Basic Financial Statements..... 23

REQUIRED SUPPLEMENTAL SCHEDULES

Schedule of the School District’s Proportionate Share of the
Net Pension Liability – SERS – Last Two Fiscal Years 56
Schedule of the School District’s Proportionate Share of the
Net Pension Liability – STRS – Last Two Fiscal Years 57
Schedule of the School District Contributions – SERS- Last Three Fiscal Years..... 58
Schedule of the School District Contributions – STRS- Last Three Fiscal Years..... 59

Trimble Local School District
Table of Contents
For the Fiscal Year Ended June 30, 2015

SUPPLEMENTAL INFORMATION

Schedule of Federal Awards Receipts and Expenditures 60

Notes to the Schedule of Federal Awards Receipts and Expenditures 61

AUDIT REPORTS

Independent Auditor’s Report on Internal Control over Financial Reporting and on
on Compliance and Other Matters Required by Government Auditing Standards..... 62

Independent Auditor’s Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control over Compliance in Accordance with
OMB Circular A-133 64

Schedule of Findings 66

Schedule of Prior Audit Findings 67

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major 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, 2015, and related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 and Note 21 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*, and as a result restated their June 30, 2014 net position of the governmental activities. 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 on pages 4-13 and schedule of net pension liabilities and pension contributions on pages 56-59, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

Supplemental 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 Award 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 financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

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

January 19, 2016

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

The discussion and analysis of the financial performance of Trimble Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- Net position of governmental activities decreased \$48,762.
- General revenues accounted for \$8,999,758 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$2,980,417 or 24 percent of total revenues of \$11,980,175.
- The District had \$12,028,937 in expenses related to governmental activities; only \$2,980,417 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$8,999,758 were not adequate to provide for these programs.
- Program expenses totaled \$12,028,937. Instructional expenses made up \$6,698,908 or 56 percent of this total while support services accounted for \$4,506,454, or 38 percent. Other expenses of \$823,575 rounded out the remaining 6 percent.
- The District had one major fund: the General Fund. The General Fund had \$9,713,440 in revenues and other financing sources and \$8,903,547 in expenditures and other financing uses. The General Fund's balance increased \$809,893.

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 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 District, presenting both an aggregate view of the 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 District's most significant funds with all other non-major funds presented in total in one column.

Reporting the 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 District to provide programs and activities for students, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

These two statements report the 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 District as a whole, the financial position of the 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 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 District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, bond service operations, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds - Most of the 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 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 District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for 2015 compared to 2014.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

**Table 1
Net Position
Governmental Activities**

| | 2015 | Restated 2014 |
|---------------------------------------|--------------------|--------------------------|
| Assets | | |
| Current and Other Assets | \$6,286,674 | \$5,292,993 |
| Capital Assets | 13,114,583 | 13,637,749 |
| Total Assets | <u>19,401,257</u> | <u>18,930,742</u> |
| Deferred Outflows of Resources | | |
| Pension | 901,754 | 700,085 |
| Total Deferred Outflows of Resources | <u>901,754</u> | <u>700,085</u> |
| Liabilities | | |
| Current and Other Liabilities | 1,504,837 | 1,269,993 |
| Long-Term Liabilities : | | |
| Due Within One Year | 213,294 | 103,194 |
| Due Within More Than One Year: | | |
| Net Pension Liability | 11,656,240 | 13,846,700 |
| Other Amounts | 1,832,835 | 1,308,731 |
| Total Liabilities | <u>15,207,206</u> | <u>16,528,618</u> |
| Deferred Inflows of Resources | | |
| Property Taxes | 629,863 | 690,441 |
| Pension | 2,102,936 | 0 |
| Total Deferred Inflows of Resources | <u>2,732,799</u> | <u>690,441</u> |
| Net Position | | |
| Net Investment in Capital Assets | 11,894,553 | 12,969,921 |
| Restricted | 408,882 | 443,436 |
| Unrestricted | <u>(9,940,429)</u> | <u>(11,001,589)</u> |
| Total Net Position | <u>\$2,363,006</u> | <u>\$2,411,768</u> |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$15,558,383 to \$2,411,768.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets exceeded liabilities and deferred inflow of resources by \$2,363,006. By comparing assets, liabilities, and deferred inflows of resources one can see the overall position of the District as evidenced by the decrease in net position of \$48,762.

A portion of the District's net position, \$408,882, represents resources that are subject to external restrictions on how they may be used. There remains a negative balance of unrestricted net position of \$9,940,429, which is not sufficient to provide for the District's ongoing obligations to the students and creditors.

At fiscal year-end, capital assets represented 68 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures, equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2015 were \$11,894,553. These capital assets are used to provide services to the students and are not available for future spending. Although the 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.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2015 and 2014.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

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

| | 2015 | 2014 |
|-------------------------------------|-------------|-------------|
| <u>Revenues</u> | | |
| Program Revenues: | | |
| Charges for Services and Sales | \$687,429 | \$770,995 |
| Operating Grants, and Contributions | 2,292,988 | 2,044,335 |
| Total Program Revenues | 2,980,417 | 2,815,330 |
| General Revenues: | | |
| Property Taxes | 885,519 | 786,102 |
| Payments in Lieu of Taxes | 3,923 | 0 |
| Grants and Entitlements | 8,026,185 | 7,199,709 |
| Gifts and Donations | 2,400 | 36,871 |
| Investment Earnings | 5,699 | 3,748 |
| Miscellaneous | 73,032 | 118,177 |
| Gain on Sale of Assets | 3,000 | 152 |
| Total General Revenues | 8,999,758 | 8,144,759 |
| Total Revenues | 11,980,175 | 10,960,089 |
| <u>Expenses</u> | | |
| Instruction: | | |
| Regular | 4,651,311 | 3,975,398 |
| Special | 1,937,458 | 2,223,881 |
| Vocational | 11,612 | 852 |
| Student Intervention Services | 7,900 | 0 |
| Other | 90,627 | 109,324 |
| Support Services: | | |
| Pupils | 311,039 | 435,870 |
| Instructional Staff | 213,543 | 273,226 |
| Board of Education | 147,650 | 138,792 |
| Administration | 853,452 | 784,350 |
| Fiscal | 221,135 | 260,713 |
| Operation and Maintenance of Plant | 1,912,339 | 1,002,624 |
| Pupil Transportation | 656,942 | 632,611 |
| Central | 190,354 | 161,887 |
| Non-Instructional | 575,679 | 510,318 |
| Extracurricular Activities | 198,703 | 182,056 |
| Issuance Costs | 17,000 | 0 |
| Interest and Fiscal Charges | 32,193 | 30,365 |
| Total Expenses | 12,028,937 | 10,722,267 |
| Increase/(Decrease) in Net Position | (48,762) | 237,822 |
| Net Position Beginning of Year | 2,411,768 | N/A |
| Net Position End of Year | \$2,363,006 | \$2,411,768 |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$700,085 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$502,975. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

| | |
|---|---------------------------|
| Total 2015 program expenses under GASB 68 | \$12,028,937 |
| Pension expense under GASB 68 | (502,975) |
| 2015 contractually required contribution | <u>792,168</u> |
| Adjusted 2015 program expenses | 12,318,130 |
| Total 2014 program expenses under GASB 27 | <u>10,722,267</u> |
| Increase in program expenses not related to pension | <u><u>\$1,595,863</u></u> |

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 increase in regular instruction expenses was attributed to the overall increases in wages and benefits along with reclassification of expenses to conform to a recommended USAS coding, while the increase in operation and maintenance was attributed roof replacement on the elementary/middle school building.

Net position of the District's governmental activities was decreased by \$48,762 in fiscal year 2015. Program revenues of \$2,980,417 and general revenue of \$8,999,758 did not offset total governmental expenses of \$12,028,937. Program revenues supported 25 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 99 percent of total general revenue. Grants and entitlements, alone, represent 89 percent of revenues. Revenue from interest income, gifts and donations, gain on the sale of capital assets and miscellaneous revenue accounted for the remaining 1 percent.

Instruction comprises approximately 56 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 38 percent. The remaining 6 percent of program expenses is used for other obligations of the District such as non-instructional, extracurricular activities, and interest and fiscal charges.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

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**

| | Total Cost of Services 2015 | Net Cost of Services 2015 | Total Cost of Services 2014 | Net Cost of Services 2014 |
|------------------------------------|--|--|--|--|
| Instruction: | | | | |
| Regular | \$4,651,311 | \$3,571,471 | \$3,975,398 | \$2,925,700 |
| Special | 1,937,458 | 842,275 | 2,223,881 | 1,111,709 |
| Vocational | 11,612 | 11,612 | 852 | 852 |
| Student Intervention Services | 7,900 | 7,900 | - | - |
| Other | 90,627 | 90,627 | 109,324 | 109,324 |
| Support Services: | | | | |
| Pupils | 311,039 | 311,039 | 435,870 | 435,870 |
| Instructional Staff | 213,543 | 100,409 | 273,226 | 161,393 |
| Board of Education | 147,650 | 147,650 | 138,792 | 138,792 |
| Administration | 853,452 | 831,473 | 784,350 | 755,499 |
| Fiscal | 221,135 | 221,135 | 260,713 | 260,713 |
| Operation and Maintenance of Plant | 1,912,339 | 1,864,916 | 1,002,624 | 956,772 |
| Pupil Transportation | 656,942 | 656,942 | 632,611 | 632,611 |
| Central | 190,354 | 155,065 | 161,887 | 136,059 |
| Non-Instructional | 575,679 | 58,214 | 510,318 | 138,832 |
| Extracurricular Activities | 198,703 | 128,599 | 182,056 | 112,446 |
| Issuance Costs | 17,000 | 17,000 | - | - |
| Interest and Fiscal Charges | 32,193 | 32,193 | 30,365 | 30,365 |
| Total Expenses | <u>\$12,028,937</u> | <u>\$9,048,520</u> | <u>\$10,722,267</u> | <u>\$7,906,937</u> |

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 reappraisal in 2014, the District's valuation is \$42,605,730; an increase of \$964,410 over the previous reappraisal from 2008. 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 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 District's Funds

The 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 \$12,826,071 and expenditures and other financing uses of \$12,121,890.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal 2015, the District amended its General Fund budget, significantly. The 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 \$9,229,059.

The District's ending unobligated General Fund balance was \$4,007,111.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$13,114,583 invested in land, and land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

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

| | Governmental Activities | |
|----------------------------|--------------------------------|---------------------|
| | 2015 | 2014 |
| Land and Land Improvements | \$133,506 | \$133,506 |
| Construction in Progress | 78,317 | 78,317 |
| Buildings and Improvements | 12,101,475 | 12,594,922 |
| Furniture and Equipment | 589,908 | 602,856 |
| Vehicles | 211,377 | 228,148 |
| Totals | <u>\$13,114,583</u> | <u>\$13,637,749</u> |

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

Debt

At June 30, 2015, the District had general obligation bonds outstanding of \$405,000, a loan outstanding of \$254,022 with the Department of Administrative Services and a loan outstanding of \$815,000 for a roofing repair project. For additional information on debt, see the notes to the basic financial statements.

On February 17 2015, the District obtained a \$815,000 loan for a roof replacement on the elementary/middle school building.

Current Issues

The goal of the District continues to be to maintain the highest standards of service to our students, parents, and community. In keeping with its mission 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.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)**

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

The financial future of the District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the District must rely heavily on State Aide to fund its operations. Due to changes in the most recent biennium State budget, the district will see an uptick in State Aide over the next couple years. 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 District is largely dependent on State funding sources (nearly 89 percent of the District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen a slight decline in student enrollment in 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 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 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 District depends upon its taxpayers as well as the State. Although the District has tightened spending to better bring expenditures in line with revenues, and carefully watched financial planning, this must continue if the District hopes to remain on firm financial footing.

Contacting the District's Financial Management

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Net Position
June 30, 2015**

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$ 4,858,417 |
| Cash and Cash Equivalents in Segregated Accounts | 250 |
| Cash and Cash Equivalents with Escrow Agent | 24,369 |
| Materials and Supplies Inventory | 21,955 |
| Accounts Receivable | 198 |
| Intergovernmental Receivable | 300,124 |
| Taxes Receivable | 1,081,361 |
| Non-Depreciable Capital Assets | 133,687 |
| Depreciable Capital Assets, net | 12,980,896 |
| Total Assets | 19,401,257 |
| Deferred Outflows of Resources: | |
| Pension | 901,754 |
| Total Deferred Outflows of Resources | 901,754 |
| Liabilities: | |
| Accounts Payable | 123,376 |
| Accrued Wages and Benefits | 926,284 |
| Contracts Payable | 202,760 |
| Intergovernmental Payable | 242,841 |
| Accrued Interest Payable | 9,576 |
| Long-Term Liabilities: | |
| Due Within One Year | 213,294 |
| Due in More Than One Year | 1,832,835 |
| Net Pension Liability | 11,656,240 |
| Total Liabilities | 15,207,206 |
| Deferred Inflows of Resources: | |
| Property Taxes Receivable | 629,863 |
| Pension | 2,102,936 |
| Total Deferred Inflows of Resources | 2,732,799 |
| Net Position: | |
| Investments in Capital Assets | 11,894,553 |
| Restricted for Debt Service | 207,213 |
| Restricted for Capital Outlay | 43,695 |
| Restricted for Other Purposes | 157,974 |
| Unrestricted | (9,940,429) |
| Total Net Position | \$ 2,363,006 |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2015**

| | 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 | \$ 4,651,311 | \$ 601,385 | \$ 478,455 | \$ (3,571,471) |
| Special | 1,937,458 | - | 1,095,183 | (842,275) |
| Vocational | 11,612 | - | - | (11,612) |
| Student Intervention Services | 7,900 | - | - | (7,900) |
| Other | 90,627 | - | - | (90,627) |
| Support Services: | | | | |
| Pupils | 311,039 | - | - | (311,039) |
| Instructional Staff | 213,543 | - | 113,134 | (100,409) |
| Board of Education | 147,650 | - | - | (147,650) |
| Administration | 853,452 | - | 21,979 | (831,473) |
| Fiscal | 221,135 | - | - | (221,135) |
| Operation and Maintenance of Plant | 1,912,339 | - | 47,423 | (1,864,916) |
| Pupil Transportation | 656,942 | - | - | (656,942) |
| Central | 190,354 | - | 35,289 | (155,065) |
| Operation of Non-Instructional Services | 575,679 | 16,205 | 501,260 | (58,214) |
| Extracurricular Activities | 198,703 | 69,839 | 265 | (128,599) |
| Issuance Costs | 17,000 | - | - | (17,000) |
| Interest and Fiscal Charges | 32,193 | - | - | (32,193) |
| Totals | \$ 12,028,937 | \$ 687,429 | \$ 2,292,988 | \$ (9,048,520) |

General Revenues:

| | |
|---|---------------------|
| Taxes: | |
| Property Taxes, Levied for General Purposes | 735,783 |
| Property Taxes, Levied for Capital Outlay | 115,360 |
| Property Taxes, Levied for Debt Service | 22,748 |
| Property Taxes, Levied for Other | 11,628 |
| Payments in Lieu of Taxes | 3,923 |
| Grants and Entitlements not Restricted to Specific Programs | 8,026,185 |
| Gifts and Donations | 2,400 |
| Investment Earnings | 5,699 |
| Miscellaneous | 73,032 |
| Gain on Sale of Assets | 3,000 |
| Total General Revenues | 8,999,758 |
| Change in Net Position | (48,762) |
| Net Position Beginning of Year - Restated | 2,411,768 |
| Net Position End of Year | \$ 2,363,006 |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2015**

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------------|---|---|
| Assets | | | |
| Current Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 4,164,824 | \$ 693,593 | \$ 4,858,417 |
| Cash and Cash Equivalents in Segregated Accounts | - | 250 | 250 |
| Cash and Cash Equivalents with Escrow Agents | - | 24,369 | 24,369 |
| Materials and Supplies Inventory | 10,568 | 11,387 | 21,955 |
| Accounts Receivable | - | 198 | 198 |
| Interfund Receivable | 15,368 | - | 15,368 |
| Intergovernmental Receivable | - | 300,124 | 300,124 |
| Taxes Receivable | 1,012,463 | 68,898 | 1,081,361 |
| Total Assets | \$ <u>5,203,223</u> | \$ <u>1,098,819</u> | \$ <u>6,302,042</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts Payable | 19,755 | 103,621 | 123,376 |
| Accrued Wages and Benefits | 747,095 | 179,189 | 926,284 |
| Contracts Payable | - | 202,760 | 202,760 |
| Interfund Payable | - | 15,368 | 15,368 |
| Intergovernmental Payable | 200,259 | 42,582 | 242,841 |
| Total Liabilities | <u>967,109</u> | <u>543,520</u> | <u>1,510,629</u> |
| Deferred Inflow of Resources | | | |
| Property Levied for the Next Fiscal Year | 585,410 | 44,453 | 629,863 |
| Unavailable Revenue - Delinquent Taxes | 296,503 | 19,253 | 315,756 |
| Unavailable Revenue | - | 152,415 | 152,415 |
| Total Deferred Inflows of Resources | <u>881,913</u> | <u>216,121</u> | <u>1,098,034</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>1,849,022</u> | <u>759,641</u> | <u>2,608,663</u> |
| Fund Balances | | | |
| Nonspendable | 19,784 | 11,387 | 31,171 |
| Restricted | - | 470,456 | 470,456 |
| Committed | - | 24,369 | 24,369 |
| Assigned | 63,022 | - | 63,022 |
| Unassigned | 3,271,395 | (167,034) | 3,104,361 |
| Total Fund Balances | <u>3,354,201</u> | <u>339,178</u> | <u>3,693,379</u> |
| Total Liabilities and Fund Balances | \$ <u>5,203,223</u> | \$ <u>1,098,819</u> | \$ <u>6,302,042</u> |

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, 2015**

| | | |
|----------------------------------|----|-----------|
| Total Governmental Fund Balances | \$ | 3,693,379 |
|----------------------------------|----|-----------|

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

The net pension liability is not due in the current period therefore, the liability and related deferree inflows/outflows are not reported in governmental funds:

| | | |
|-----------------------------|--------------|--------------|
| Deferred Outflows - Pension | 901,754 | |
| Deferred Inflows - Pension | (2,102,936) | |
| Net Pension Liability | (11,656,240) | (12,857,422) |

| | | |
|---|--|------------|
| Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. | | 13,114,583 |
|---|--|------------|

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

| | | |
|------------------|---------|---------|
| Delinquent Taxes | 315,756 | |
| Grants | 152,415 | 468,171 |

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

| | | |
|---|-----------|-------------|
| Accrued Interest Payable | (9,576) | |
| General Obligation Bonds Payable | (405,000) | |
| Accreted Debt from Capital Appreciation Bonds | (61,128) | |
| Capital Leases Payable | (17,143) | |
| Other Notes | (815,000) | |
| Ohio Development Services Agency Energy Loan | (254,022) | |
| Compensated Absences Payable | (493,836) | (2,055,705) |

| | | |
|---|----|-----------|
| Net Position of Governmental Activities | \$ | 2,363,006 |
|---|----|-----------|

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, 2015**

| | <u>General Fund</u> | <u>All Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---|---|
| REVENUES: | | | |
| Property and Other Local Taxes | \$ 736,605 | \$ 149,818 | \$ 886,423 |
| Intergovernmental | 8,285,596 | 2,021,543 | 10,307,139 |
| Interest | 5,695 | 4 | 5,699 |
| Tuition and Fees | 601,310 | - | 601,310 |
| Rent | 75 | - | 75 |
| Extracurricular Activities | 1,797 | 67,842 | 69,639 |
| Gifts and Donations | 2,400 | 9,145 | 11,545 |
| Customer Sales and Services | - | 16,405 | 16,405 |
| Payments in Lieu of Taxes | 3,923 | - | 3,923 |
| Miscellaneous | 73,032 | 410 | 73,442 |
| Total Revenues | <u>9,710,433</u> | <u>2,265,167</u> | <u>11,975,600</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 4,092,198 | 493,495 | 4,585,693 |
| Special | 1,178,467 | 748,069 | 1,926,536 |
| Vocational | 6,164 | - | 6,164 |
| Student Intervention Services | 7,900 | - | 7,900 |
| Other | 90,627 | - | 90,627 |
| Support Services: | | | |
| Pupils | 327,001 | - | 327,001 |
| Instructional Staff | 73,124 | 130,719 | 203,843 |
| Board of Education | 144,366 | 3,284 | 147,650 |
| Administration | 825,221 | 54,850 | 880,071 |
| Fiscal | 231,115 | 1,199 | 232,314 |
| Operation and Maintenance of Plant | 965,558 | 1,571 | 967,129 |
| Pupil Transportation | 590,429 | 30,395 | 620,824 |
| Central | 146,752 | 36,269 | 183,021 |
| Operation of Non-Instructional Services | - | 557,690 | 557,690 |
| Extracurricular Activities | 121,040 | 86,559 | 207,599 |
| Capital Outlay | 53,578 | 867,137 | 920,715 |
| Debt Service: | | | |
| Principal | 15,819 | 55,000 | 70,819 |
| Interest | 1,724 | 16,743 | 18,467 |
| Issuance Costs | - | 17,000 | 17,000 |
| Total Expenditures | <u>8,871,083</u> | <u>3,099,980</u> | <u>11,971,063</u> |
| Excess of Revenues Over (Under) Expenditures | <u>839,350</u> | <u>(834,813)</u> | <u>4,537</u> |
| OTHER FINANCING SOURCES AND USES: | | | |
| Transfers In | 7 | 32,464 | 32,471 |
| Other Notes Issued | - | 815,000 | 815,000 |
| Proceeds from Sale of Capital Assets | 3,000 | - | 3,000 |
| Transfers Out | (32,464) | (7) | (32,471) |
| Total Other Financing Sources and Uses | <u>(29,457)</u> | <u>847,457</u> | <u>818,000</u> |
| Net Change in Fund Balances | 809,893 | 12,644 | 822,537 |
| Fund Balance at Beginning of Year | 2,544,308 | 326,534 | 2,870,842 |
| Fund Balance at End of Year | <u>\$ 3,354,201</u> | <u>\$ 339,178</u> | <u>\$ 3,693,379</u> |

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, 2015**

| | | |
|--|------------------|------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 822,537 |
| Amounts reported for governmental activities on the statement of activities are different because of the following: | | |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. | | 792,168 |
| Except for amounts reported as deferred inflows/outflows, changes in the net position liability are reported as pension expense in the statement of activities. | | (502,975) |
| 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 outlay in the current year. | | |
| Capital Additions - Depreciable Capital Assets | 180,826 | |
| Depreciation | <u>(700,595)</u> | (519,769) |
| 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 assets 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 | | (3,397) |
| Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds: | | |
| Intergovernmental | 12,034 | |
| Gifts and donations | (9,145) | |
| Miscellaneous | (410) | |
| Delinquent Property Taxes | <u>(904)</u> | 1,575 |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities. | | 70,819 |
| In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. | | (4,697) |
| Other financing sources in the governmental funds, increase long-term liabilities in the statement of net position. | | |
| Proceeds from notes | | (815,000) |
| 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: | | |
| Decrease in Compensated Absences Payable | 119,006 | |
| Increase in Accreted Debt | <u>(9,029)</u> | 109,977 |
| Change in Net Position of Governmental Activities | \$ | <u><u>(48,762)</u></u> |

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, 2015**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Property and Other Local Taxes | \$ 731,278 | \$ 731,278 | \$ 692,566 | \$ (38,712) |
| Intergovernmental | 7,842,881 | 7,842,881 | 8,285,596 | 442,715 |
| Interest | 3,000 | 3,000 | 5,449 | 2,449 |
| Tuition and Fees | 643,000 | 643,000 | 649,787 | 6,787 |
| Rent | - | - | 75 | 75 |
| Gifts and Donations | - | - | 600 | 600 |
| Payments in Lieu of Taxes | - | - | 3,923 | 3,923 |
| Miscellaneous | - | - | 2,204 | 2,204 |
| Total Revenues | <u>9,220,159</u> | <u>9,220,159</u> | <u>9,640,200</u> | <u>420,041</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,032,157 | 4,100,608 | 4,055,579 | 45,029 |
| Special | 1,027,970 | 1,302,837 | 1,198,774 | 104,063 |
| Vocational | - | 6,164 | 6,164 | - |
| Student Intervention Services | 3,000 | 14,500 | 7,900 | 6,600 |
| Other | 91,000 | 91,000 | 90,627 | 373 |
| Support Services: | | | | |
| Pupils | 397,543 | 405,448 | 316,680 | 88,768 |
| Instructional Staff | 95,523 | 97,892 | 94,766 | 3,126 |
| Board of Education | 165,650 | 191,880 | 147,194 | 44,686 |
| Administration | 993,107 | 963,820 | 822,291 | 141,529 |
| Fiscal | 197,850 | 241,286 | 230,218 | 11,068 |
| Operation and Maintenance of Plant | 981,345 | 1,083,145 | 974,697 | 108,448 |
| Pupil Transportation | 610,260 | 625,985 | 578,572 | 47,413 |
| Central | 153,486 | 158,986 | 151,373 | 7,613 |
| Extracurricular Activities | 109,055 | 110,739 | 98,590 | 12,149 |
| Capital Outlay | 37,996 | 81,654 | 61,117 | 20,537 |
| Debt Service: | | | | |
| Principal | - | 8,760 | 8,760 | - |
| Interest | - | 826 | 826 | - |
| Total Expenditures | <u>8,895,942</u> | <u>9,485,530</u> | <u>8,844,128</u> | <u>641,402</u> |
| Excess of Revenues Over (Under) Expenditures | <u>324,217</u> | <u>(265,371)</u> | <u>796,072</u> | <u>1,061,443</u> |
| Other Financing Sources and Uses: | | | | |
| Advances In | 8,900 | 8,900 | 8,970 | 70 |
| Proceeds from Sale of Capital Assets | - | - | 3,000 | 3,000 |
| Refund of Prior Year Expenditures | - | - | 44,892 | 44,892 |
| Transfers Out | (90,000) | (90,199) | (32,464) | 57,735 |
| Advances Out | (5,000) | (5,000) | (15,368) | (10,368) |
| Total Other Financing Sources and Uses | <u>(95,000)</u> | <u>(95,199)</u> | <u>(2,940)</u> | <u>95,329</u> |
| Net Change in Fund Balances | 229,217 | (360,570) | 793,132 | 1,156,772 |
| Fund Balance at Beginning of Year | 3,176,591 | 3,176,591 | 3,176,591 | - |
| Prior Year Encumbrances Appropriated | 37,388 | 37,388 | 37,388 | - |
| Fund Balance at End of Year | <u>\$ 3,443,196</u> | <u>\$ 2,853,409</u> | <u>\$ 4,007,111</u> | <u>\$ 1,156,772</u> |

See Accompanying Notes to the Basic Financial Statements

TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

| | <u>Private Purpose Trust</u> | <u>Agency Fund</u> |
|--|----------------------------------|--------------------|
| Assets: | | |
| Current Assets: | | |
| Equity in Pooled Cash and Cash Equivalents | \$ <u>40,632</u> | \$ <u>10,483</u> |
| Liabilities: | | |
| Current Liabilities: | | |
| Undistributed Monies | | \$ <u>10,483</u> |
| Net Position: | | |
| Held in Trust for Scholarships | \$ <u>40,632</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, 2015**

| | <u>Private Purpose Trust</u> |
|--|----------------------------------|
| Additions: | |
| Gifts and Contributions | \$ - |
| Interest | <u>628</u> |
| Total Additions | <u>628</u> |
| Deductions: | |
| Payments in Accordance with Trust Agreements | <u>2,918</u> |
| Total Deductions | <u>2,918</u> |
| Change in Net Position | (2,290) |
| Net Position Beginning of Year | <u>42,922</u> |
| Net Position End of Year | <u>\$ 40,632</u> |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

1. Description of the District and Reporting Entity

Trimble Local School District (the 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 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 District's three instructional/support facilities staffed by 49 classified employees, 69 certificated teaching personnel, and 5 administrators, who provide services to 844 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 District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

A. Basis of Presentation

The District's basic financial 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, 2015
(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 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 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 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 District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain 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 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 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 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 is reported as fund balance. The following is the District's major governmental fund:

General Fund - The General Fund is the operating fund of the 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 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, 2015
(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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The 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 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 and all liabilities associated with the operation of the 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 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 revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from 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, student fees, and rentals.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources 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 then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 9).

Pensions

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(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 District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The District has a segregated bank account for athletic monies held separate from the 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 District Treasury.

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 2015 amounted to \$5,695, which includes \$4,214 assigned from other 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 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, 2015, 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.

H. Inventory

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

I. Capital Assets

All of the 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 District maintains a capitalization threshold of five hundred dollars. The 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 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 District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving 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 District's termination policy. The District records a liability for accumulated unused sick leave for employees after five years of current service with the District.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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 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 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.

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.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

The 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.

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 in effect when final appropriations for the fiscal year were passed.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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 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).

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 Funds | |
|--|----------------|
| | General |
| GAAP Basis | \$809,893 |
| <u>Increase (Decrease) Due To:</u> | |
| Revenue Accruals: | |
| Accrued FY 2014, Received In Cash FY 2015 | 152,988 |
| Accrued FY 2015, Not Yet Received in Cash | (175,453) |
| Expenditure Accruals: | |
| Accrued FY 2014, Paid in Cash FY 2015 | (936,587) |
| Accrued FY 2015, Not Yet Paid in Cash | 1,001,444 |
| Non General Fund Activity | (3,758) |
| Advances Net | (6,398) |
| Encumbrances Outstanding at Year End (Budget Basis) | (48,997) |
| Budget Basis | \$793,132 |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

4. Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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;
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 institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

4. Deposits and Investments (Continued)

- 9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
- 10. 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
- 11. 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 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 District, and must be purchased with the expectation that it will be held to maturity.

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

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

As of June 30, 2015, the District's bank balance of \$4,311,445 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, 2015, the District had the following investment and maturity:

| Investment Type | Fair Value | Maturities Less than One Year |
|-----------------|------------|----------------------------------|
| STAR Ohio | \$800,787 | \$800,787 |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

4. Deposits and Investments (Continued)

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the 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 District has no investment policy that would further limit its investment choices.

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

5. Property Taxes

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, 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.

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014, 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 District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance the fiscal year 2015 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, 2015 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 revenues.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

5. Property Taxes (Continued)

The assessed values upon which the fiscal year 2015 taxes were collected are:

| | 2014 Second Half Collections | | 2015 First Half Collections | |
|--|---|----------------|--|----------------|
| | Amount | Percent | Amount | Percent |
| Real Property | \$37,377,830 | 91% | \$37,973,210 | 92% |
| Public Utility Tangible Personal Property | 3,444,350 | 9% | 3,501,780 | 8% |
| Total | \$40,822,180 | 100% | \$41,474,990 | 100% |
| Tax Rate per \$1,000 of Assessed Valuation | \$31.77 | | \$31.77 | |

The amount available as an advance at June 30, 2015, was \$130,550 in the General Fund, \$3,527 in the Bond Retirement Fund, and \$1,665 in the Classroom Facilities Fund.

6. Receivables

Receivables at June 30, 2015, 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 | \$68,866 |
| SIG | 64,896 |
| Title I | 71,016 |
| Early Childhood | 6 |
| Title II-A | 4,056 |
| Miscellaneous Federal Grants | 91,284 |
| Total | \$300,124 |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

7. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

| | <u>Balance at 6/30/2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at 6/30/2015</u> |
|-------------------------------------|---------------------------------|--------------------|-------------------|---------------------------------|
| Capital Assets: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land | \$55,370 | \$- | \$- | \$55,370 |
| Construction in Progress | 78,317 | - | - | 78,317 |
| Total Nondepreciable Capital Assets | <u>133,687</u> | <u>-</u> | <u>-</u> | <u>133,687</u> |
| Depreciable Capital Assets: | | | | |
| Land Improvements | 748,237 | - | - | 748,237 |
| Buildings and Improvements | 21,540,825 | - | - | 21,540,825 |
| Furniture, Fixtures, and Equipment | 2,281,557 | 160,746 | 194,436 | 2,247,867 |
| Vehicles | 1,058,858 | 20,080 | 94,909 | 984,029 |
| Total Depreciable Capital Assets | <u>25,629,477</u> | <u>180,826</u> | <u>289,345</u> | <u>25,520,958</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 780,934 | 10,021 | - | 680,122 |
| Buildings and Improvements | 8,835,070 | 483,426 | - | 9,429,329 |
| Furniture, Fixtures, and Equipment | 1,678,701 | 170,297 | 191,039 | 1,657,959 |
| Vehicles | 830,710 | 36,851 | 94,909 | 772,652 |
| Total Accumulated Depreciation | <u>12,125,415</u> | <u>700,595</u> | <u>285,948</u> | <u>12,540,062</u> |
| Depreciable Capital Assets, Net | <u>13,504,062</u> | <u>(519,769)</u> | <u>(3,397)</u> | <u>12,980,896</u> |
| Capital Assets, Net | <u>\$13,637,749</u> | <u>(\$519,769)</u> | <u>(\$3,397)</u> | <u>\$13,114,583</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|------------------|
| Instruction: | |
| Regular | \$326,793 |
| Special | 87,792 |
| Vocational | 5,448 |
| Support Services: | |
| Pupil | 20,097 |
| Instructional Staff | 17,751 |
| Administration | 41,780 |
| Fiscal | 11,429 |
| Operation and Maintenance of Plant | 65,625 |
| Pupil Transportation | 64,814 |
| Central | 15,034 |
| Operation of Non-Instructional Services | 30,273 |
| Extracurricular Activities | 13,759 |
| Total Depreciation Expense | <u>\$700,595</u> |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

8. Risk Management

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

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 is selects. The 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 2014.

9. Defined Benefit Pension Plans

Net Pension Liability

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

9. Defined Benefit Pension Plans (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

9. Defined Benefit Pension Plans (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$245,928 for fiscal year 2015. Of this amount \$126,240 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

9. Defined Benefit Pension Plans (Continued)

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$546,240 for fiscal year 2015. Of this amount \$91,040 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | SERS | STRS | Total |
|--|-------------|-------------|--------------|
| Proportionate Share of the Net Pension Liability | \$2,357,286 | \$9,298,954 | \$11,656,240 |
| Proportion of the Net Pension Liability | 0.046578% | 0.0382304% | |
| Pension Expense | \$136,434 | \$366,541 | \$502,975 |

At June 30, 2015, the District reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

9. Defined Benefit Pension Plans (Continued)

| | SERS | STRS | Total |
|--|-----------|-------------|-------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$20,063 | \$89,523 | \$109,586 |
| District contributions subsequent to the measurement date | 245,928 | 546,240 | 792,168 |
| Total Deferred Outflows of Resources | \$265,991 | \$635,763 | \$901,754 |
| Deferred Inflows of Resources | | | |
| Net difference between projected and actual earnings on pension plan investments | \$382,594 | \$1,720,342 | \$2,102,936 |

\$792,168 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | SERS | STRS | Total |
|-----------------------------|-------------|---------------|---------------|
| Fiscal Year Ending June 30: | | | |
| 2016 | (\$90,633) | (\$407,704) | (\$498,337) |
| 2017 | (90,633) | (407,704) | (498,337) |
| 2018 | (90,633) | (407,704) | (498,337) |
| 2019 | (90,632) | (407,707) | (498,339) |
| Total | (\$362,531) | (\$1,630,819) | (\$1,993,350) |

Actuarial Assumptions - SERS

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

9. Defined Benefit Pension Plans (Continued)

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

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

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

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

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

9. Defined Benefit Pension Plans (Continued)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

| | 1% Decrease █ (6.75%) | Current Discount Rate █ (7.75%) | 1% Increase █ (8.75%) |
|--|--------------------------|---------------------------------------|--------------------------|
| District's proportionate share of the net pension liability | \$3,363,147 | \$2,357,286 | \$1,511,270 |

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

9. Defined Benefit Pension Plans (Continued)

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

| | <u>1% Decrease (6.75%)</u> | <u>Current Discount Rate (7.75%)</u> | <u>1% Increase (8.75%)</u> |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the net pension liability | \$13,312,466 | \$9,298,954 | \$5,904,873 |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

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.

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, 0 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2015, 2014, and 2013. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the District, these amounts equaled \$0, \$37,957, and \$38,731 for fiscal years 2015, 2014, and 2013, 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 of Ohio (SERS) administers a postemployment benefit plan.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including 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 ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(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 pensions and benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2015, the health care allocation is .82%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount; pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the minimum compensation level was established at \$20,450. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned health care for the years ended June 30, 2015, 2014, and 2013 were \$15,898, \$2,415, and \$2,680, 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 on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care plan are included in its Comprehensive Annual Financial Report. The report can be obtained 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.

B. Insurance Benefits

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

The Board of Education covers 87.50 percent of family coverage premiums and 91.75 percent of single coverage premiums of certified employees enrolled in PPO Plan 2. The Board's month contribution for family and single premium coverage is \$1,570 and \$616 respectively for certified employees.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

11. Employee Benefits (Continued)

The Board of Education covers 92.00 percent of family coverage premiums and 97.00 percent of single coverage premiums of classified employees enrolled in PPO Plan 2. The Boards monthly contribution for family and single premium coverage is \$1,651 and \$651 respectively for classified employees.

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

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

Dental coverage is provided through CoreSource. Monthly premiums remained \$49.55 for all employees in Fiscal Year 2015.

12. Capitalized Leases

In 2015, the District has entered into lease agreements for copiers. These lease obligations meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 62, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments in fiscal year 2015 totaled \$7,387 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, 2015, was \$7,452 leaving a remaining book value of \$29,808.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2015:

| Fiscal Year Ending June 30, | General Long-Term Obligations |
|--|--|
| 2016 | \$8,284 |
| 2017 | 8,285 |
| 2018 | 1,381 |
| Total Future Minimum Lease Payments | 17,950 |
| Less: Amount Representing Interest | (807) |
| Present Value of Future Minimum Lease Payments | \$17,143 |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

13. Long-Term Obligations

Changes in long-term obligations during fiscal year 2015 were as follows:

| | <u>Principal Outstanding 6/30/2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at 6/30/2015</u> | <u>Due Within One Year</u> |
|--|--|------------------|--------------------|---------------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| 2006 4.09 % Bond Refinancing Issue | \$425,000 | \$- | \$55,000 | \$370,000 | \$- |
| 2006 Bond Refinancing | 35,000 | - | - | 35,000 | 19,363 |
| 2006 Bond Refinancing Issue - Capital Appreciation Bonds | 52,099 | 9,029 | - | 61,128 | - |
| Roofing Project Note | - | 815,000 | - | 815,000 | 160,000 |
| Department of Administrative Services Loan | 262,454 | - | 8,432 | 254,022 | 16,991 |
| Total General Obligation Debt | <u>774,553</u> | <u>824,029</u> | <u>63,432</u> | <u>1,535,150</u> | <u>196,354</u> |
| Capital Leases | 24,530 | - | 7,387 | 17,143 | 7,715 |
| Net Pension Liability | 13,846,700 | - | 2,190,460 | 11,656,240 | - |
| Compensated Absences | 612,842 | 48,461 | 167,467 | 493,836 | 9,225 |
| Total Governmental Activities Long-Term Obligations | <u>\$15,258,625</u> | <u>\$872,490</u> | <u>\$2,428,746</u> | <u>\$13,702,369</u> | <u>\$213,294</u> |

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

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2016 and 2017. The maturity amount of the capital appreciation bonds is \$115,000. For fiscal year 2015, the capital appreciation bonds accreted \$9,029.

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

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

13. Long-Term Obligations (Continued)

Principal and interest requirements to retire the General Obligation Bonds and loan outstanding at June 30, 2015, are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Accreted Debt</u> | <u>Total</u> |
|--|------------------|-----------------|--------------------------|------------------|
| 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 | 60,000 | 9,562 | - | 69,562 |
| 2021 – 2023 | 195,000 | 12,856 | - | 207,856 |
| Total | <u>\$405,000</u> | <u>\$80,538</u> | <u>\$80,000</u> | <u>\$565,538</u> |

Principal and interest requirements to retire the Energy Loan outstanding at June 30, 2015, are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------|-----------------|------------------|
| 2016 | \$16,991 | \$1,874 | \$18,865 |
| 2017 | 17,162 | 1,746 | 18,908 |
| 2018 | 17,334 | 1,617 | 18,951 |
| 2019 | 17,508 | 1,486 | 18,994 |
| 2020 | 17,683 | 1,355 | 19,038 |
| 2021 - 2025 | 91,111 | 4,752 | 95,863 |
| 2026 - 2029 | 76,233 | 1,270 | 77,503 |
| Total | <u>\$254,022</u> | <u>\$14,100</u> | <u>\$268,120</u> |

Principal and interest requirements to retire the Roofing Project Loan outstanding at June 30, 2015, are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------|-----------------|------------------|
| 2016 | \$160,000 | \$8,680 | \$168,680 |
| 2017 | 160,000 | 10,465 | 170,465 |
| 2018 | 160,000 | 7,553 | 167,553 |
| 2019 | 165,000 | 4,595 | 169,595 |
| 2020 | 170,000 | 1,547 | 171,547 |
| Total | <u>\$815,000</u> | <u>\$32,840</u> | <u>\$847,840</u> |

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

The District's overall legal debt margin was \$3,266,621, with an unvoted debt margin of \$414,750 at June 30, 2015.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(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 District paid SEOVEC \$69,980 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 District and the District does not maintain an equity interest in or a financial responsibility for the Coalition. The District paid the Coalition \$90 for services provided during the year.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

15. Insurance Purchasing Pool

A. Sheakley Workers' Compensation Group Rating Program

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

B. Ohio School Plan

The 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, 2014 and 2013 (the latest information available):

| | 2014 | 2013 |
|-----------------|-------------|-------------|
| Assets | \$7,974,679 | \$6,841,599 |
| Liabilities | 2,780,801 | 4,052,930 |
| Members' Equity | 5,193,878 | 2,788,669 |

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 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, 2015
(Continued)**

16. Interfund Activity and Balances

A. Transfers

Transfers made during fiscal year 2015 were as follows:

| Transfer from | Transfer to General | Transfer to Other Nonmajor Governmental |
|-----------------------------|--------------------------------|--|
| General Fund | \$0 | \$32,464 |
| Other Nonmajor Governmental | 7 | 0 |
| | \$7 | \$32,464 |

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, 2015, consisted of the following for services provided by the General Fund:

| | Interfund Receivables | Interfund Payables |
|--|----------------------------------|-------------------------------|
| General Fund - Major | \$15,368 | \$- |
| Capital Project Nonmajor Funds: | | |
| Permanent Improvement | - | 15,368 |
| Total All Funds | \$15,368 | \$15,368 |

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, 2015
(Continued)**

17. Contingencies

A. Grants and School Contingency

The 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 District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The District is currently a party to legal proceedings. However, the 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 District.

18. Set-Aside Calculations

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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, 2014 | \$- |
| Current Year Set-aside Requirement | 144,845 |
| Current Year Offsets | - |
| Qualifying Disbursements | (144,845) |
| Totals | \$- |
| Set-Aside Balance Carried Forward to Future Fiscal Years | \$- |
| Set-aside Reserve Balance as of June 30, 2015 | \$- |

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

19. Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds 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 | \$10,568 | \$11,387 | \$21,955 |
| Unclaimed Monies | 9,216 | - | 9,216 |
| Total Nonspendable | 19,784 | 11,387 | 31,171 |
| Restricted for: | | | |
| Regular Instruction | - | 65,788 | 65,788 |
| Special Instruction | - | 7,362 | 7,362 |
| Athletics | - | 107 | 107 |
| Facilities Maintenance | - | 88,371 | 88,371 |
| Debt Retirement | - | 202,514 | 202,514 |
| Permanent Improvements | - | 97,667 | 97,667 |
| Building Project | - | 748 | 748 |
| Building Construction | - | 7,899 | 7,899 |
| Total Restricted | - | 470,456 | 470,456 |
| Committed for: | | | |
| Permanent Improvements | - | 24,369 | 24,369 |
| Total Committed | - | 24,369 | 24,369 |
| Assigned for: | | | |
| School Supplies | 305 | - | 305 |
| Principal Funds | 33,116 | - | 33,116 |
| Library Automation | 359 | - | 359 |
| Encumbrances | 29,242 | - | 29,242 |
| Total Assigned | 63,022 | - | 63,022 |
| Unassigned | 3,271,395 | (167,034) | 3,104,361 |
| Total Fund Balance | \$3,354,207 | \$339,178 | \$3,693,379 |

20. Accountability and Compliance

At June 30, 2015, the Lunchroom, Title VI-B, Title I, Handicapped Pre-K, Title II-A and Miscellaneous Federal Grant Special Revenue Funds had deficit fund balances of \$61,802, \$25,731, \$49,579, \$218, \$4,620, \$1,275 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, 2015
(Continued)**

21. Change in Accounting Principle and Restatement of Net Position

For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

| | |
|--|--------------------|
| Net Position June 30, 2014 | \$15,558,383 |
| Adjustments: | |
| Net Pension Liability | (13,846,700) |
| Deferred Outflow – Payments Subsequent to Measurement Date | <u>700,085</u> |
| Restated Net Position June 30, 2014 | <u>\$2,411,768</u> |

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**TRIMBLE LOCAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
 LAST TWO FISCAL YEARS (1)**

| | <u>2014</u> | <u>2013</u> |
|--|-------------|-------------|
| School District's Proportion of the Net Pension Liability | 0.046578% | 0.046578% |
| School District's Proportionate Share of the Net Pension Liability | \$2,357,286 | \$2,769,844 |
| School District's Covered-Employee Payroll | \$1,345,318 | \$1,348,661 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 175.22% | 205.38% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 71.70% | 65.52% |

(1) Information prior to 2013 is not available

**TRIMBLE LOCAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 STATE TEACHERS RETIREMENT SYSTEM OF OHIO
 LAST TWO FISCAL YEARS (1)**

| | <u>2014</u> | <u>2013</u> |
|--|-------------|--------------|
| School District's Proportion of the Net Pension Liability | 0.0382304% | 0.0382304% |
| School District's Proportionate Share of the Net Pension Liability | \$9,298,954 | \$11,076,856 |
| School District's Covered-Employee Payroll | \$3,950,953 | \$4,002,285 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 235.36% | 276.76% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 74.70% | 69.30% |

(1) Information prior to 2013 is not available

**TRIMBLE LOCAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST THREE FISCAL YEARS (1)**

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|------------------|
| Contractually Required Contribution | \$245,928 | \$186,461 | \$186,655 |
| Contributions in Relation to the Contractually Required Contribution | <u>(245,928)</u> | <u>(186,461)</u> | <u>(186,655)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered-Employee Payroll | \$1,865,918 | \$1,345,318 | \$1,348,661 |
| Contributions as a Percentage of Covered-Employee Payroll | 13.18% | 13.86% | 13.84% |

(1) Information prior to 2013 is not available

**TRIMBLE LOCAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST THREE FISCAL YEARS (1)**

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|------------------|
| Contractually Required Contribution | \$546,240 | \$513,624 | \$520,297 |
| Contributions in Relation to the Contractually Required Contribution | <u>(546,240)</u> | <u>(513,624)</u> | <u>(520,297)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered-Employee Payroll | \$3,901,714 | \$3,950,953 | \$4,002,285 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.00% | 13.00% | 13.00% |

(1) Information prior to 2013 is not available

TRIMBLE LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2015

| Federal Grantor / Pass Through Grantor / Program Title | Grant Year | Federal CFDA Number | Cash Receipts | Non-Cash Receipts | Cash Expenditures | Non-Cash Expenditures |
|---|---------------|---------------------------|------------------|----------------------|----------------------|--------------------------|
| <u>U.S. Department of Agriculture</u> | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| <i>Nutrition Cluster:</i> | | | | | | |
| School Breakfast Program | 2014/2015 | 10.553 | \$165,030 | \$0 | \$165,030 | \$0 |
| National School Lunch Program | 2014/2015 | 10.555 | 313,672 | 35,672 | 313,672 | 35,672 |
| Total Nutrition Cluster | | | 478,702 | 35,672 | 478,702 | 35,672 |
| Total U.S. Department of Agriculture | | | 478,702 | 35,672 | 478,702 | 35,672 |
| <u>U.S. Department of Education</u> | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| <i>Title I Cluster:</i> | | | | | | |
| Title I Grants to Local Educational Agencies | 2014 | 84.010 | 41,193 | 0 | 42,570 | 0 |
| Title I Grants to Local Educational Agencies | 2015 | 84.010 | 550,806 | 0 | 538,314 | 0 |
| Total Title I Cluster | | | 591,999 | 0 | 580,884 | 0 |
| <i>Special Education Cluster:</i> | | | | | | |
| Special Education - Grants to States (IDEA Part B) | 2015 | 84.027 | 241,752 | 0 | 241,898 | 0 |
| Special Education - Preschool Grants | 2015 | 84.173 | 10,565 | 0 | 10,389 | 0 |
| Total Special Education Cluster | | | 252,317 | 0 | 252,287 | 0 |
| Twenty-First Century Community Learning Centers | 2014 | 84.287 | 264,541 | 0 | 264,541 | 0 |
| Rural Education | 2014 | 84.358 | 502 | 0 | 575 | 0 |
| Rural Education | 2015 | 84.358 | 13,436 | 0 | 13,056 | 0 |
| Total Rural Education | | | 13,938 | 0 | 13,631 | 0 |
| Improving Teacher Quality | 2014 | 84.367 | 12,449 | 0 | 12,662 | 0 |
| Improving Teacher Quality | 2015 | 84.367 | 77,921 | 0 | 77,921 | 0 |
| Total Improving Teacher Quality | | | 90,370 | 0 | 90,583 | 0 |
| Total U.S. Department of Education | | | 1,213,165 | 0 | 1,201,926 | 0 |
| Total Federal Financial Assistance | | | \$1,691,867 | \$35,672 | \$1,680,628 | \$35,672 |

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

TRIMBLE LOCAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Trimble Local School District's (the School District) federal award programs' receipts and disbursements. 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 (expenditure) 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.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Trimble Local School District (the School District), Athens County, as of and for the year ended June 30, 2015, 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 January 19, 2016, wherein we noted the School District adopted new accounting guidelines in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

J. L. Uhrig and Associates, Inc.

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

January 19, 2016

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program
and on Internal Control over Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Trimble Local School District (the School District), Athens County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

The School District's management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the applicable compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Trimble Local School District is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the applicable requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

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

January 19, 2016

TRIMBLE LOCAL SCHOOL DISTRICT

Schedule of Findings

For the Fiscal Year Ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

| | | |
|-----|--|---|
| 1. | <i>Type of Financial Statement Opinion</i> | Unmodified |
| 2. | <i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i> | No |
| 3. | <i>Were there any other significant internal control deficiencies reported at the financial statement level (GAGAS)?</i> | No |
| 4. | <i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i> | No |
| 5. | <i>Were there any material internal control weaknesses reported for major federal programs?</i> | No |
| 6. | <i>Were there any other significant internal control deficiencies reported for major federal programs?</i> | No |
| 7. | <i>Type of Major Programs' Compliance Opinion</i> | Unmodified |
| 8. | <i>Are there any reportable findings under § .510(a)?</i> | No |
| 9. | <i>Major Programs (list):</i> | CFDA #10.553/10.555 Nutrition Cluster CFDA #84.027/84.173 Special Education Cluster CFDA #84.287 Twenty-First Century Grant |
| 10. | <i>Dollar Threshold: Type A/B Programs</i> | Type A: >\$300,000 Type B: All Other Programs |
| 11. | <i>Low Risk Auditee?</i> | No |

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

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

C. FINDINGS FOR FEDERAL AWARDS

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

TRIMBLE LOCAL SCHOOL DISTRICT

Schedule of Prior Audit Findings

For the Year Ended June 30, 2015

| Finding Number | Description | Status | Comments |
|---------------------------|---|---------------|-----------------|
| | <i>Government Auditing Standards:</i> | | |
| 2014-001 | Material Weakness - Financial Reporting | Corrected | N/A |

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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 14, 2016**