



Dave Yost • Auditor of State



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Gallia-Jackson-Vinton Joint Vocational School District  
Gallia County  
P.O. Box 157  
Rio Grande, Ohio 45674

To the Board of Education:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

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

**Other Matters**

*Required Supplemental Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 29, 2016

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**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited*

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

**Financial Highlights**

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

- In total, net position increased \$653,928. Net position of governmental activities increased \$604,885; net position of business-type activities increased \$49,043 from 2015.
- General revenues accounted for \$9,399,269 in revenues or 76% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions accounted for \$2,976,003 or 24% of total revenues of \$12,375,272.
- The School District had \$11,770,387 in expenses related to governmental activities; only \$2,976,003 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$9,399,269 were adequate to cover the remaining expenses. Business-type activities had \$1,587,202 in expenses; program specific revenue in the amount of \$1,636,245 were adequate to cover these expenses.

**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 Gallia-Jackson-Vinton Joint Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

***Reporting the School District as a Whole***

*Statement of Net Position and Statement of Activities*

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited*

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The School District's adult education programs and rotary services are reported as business-type activities.

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

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

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

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities (adult education and rotary services); therefore, these statements will essentially match.

**THE SCHOOL DISTRICT AS A WHOLE**

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2016*

Unaudited

**Table 1**  
**Net Position**

|  | Governmental Activities |                     | Business-Type Activities |                  | Total               |                     |
|--|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
|  | 2016                    | 2015                | 2016                     | 2015             | 2016                | 2015                |
| <b>Assets</b>                              |                         |                     |                          |                  |                     |                     |
| Current and Other Assets                   | \$12,212,207            | \$12,039,232        | \$2,547,275              | \$2,532,524      | \$14,759,482        | \$14,571,756        |
| Capital Assets                             | 17,930,107              | 18,415,043          | 62,464                   | 71,574           | 17,992,571          | 18,486,617          |
| <i>Total Assets</i>                        | <u>30,142,314</u>       | <u>30,454,275</u>   | <u>2,609,739</u>         | <u>2,604,098</u> | <u>32,752,053</u>   | <u>33,058,373</u>   |
| <b>Deferred Outflows of Resources</b>      |                         |                     |                          |                  |                     |                     |
| Pension                                    | 1,336,217               | 650,954             | 247,182                  | 130,609          | 1,583,399           | 781,563             |
| <b>Liabilities</b>                         |                         |                     |                          |                  |                     |                     |
| Current and Other Liabilities              | 883,066                 | 936,153             | 63,784                   | 34,840           | 946,850             | 970,993             |
| Long-term Liabilities:                     |                         |                     |                          |                  |                     |                     |
| Due Within One Year                        | 216,327                 | 229,150             | 0                        | 0                | 216,327             | 229,150             |
| Due in More than One Year:                 |                         |                     |                          |                  |                     |                     |
| Net Pension Liability                      | 11,257,371              | 9,733,796           | 2,195,453                | 2,028,434        | 13,452,824          | 11,762,230          |
| Other Amounts                              | 1,681,848               | 1,894,289           | 26,043                   | 24,725           | 1,707,891           | 1,919,014           |
| <i>Total Liabilities</i>                   | <u>14,038,612</u>       | <u>12,793,388</u>   | <u>2,285,280</u>         | <u>2,087,999</u> | <u>16,323,892</u>   | <u>14,881,387</u>   |
| <b>Deferred Inflows of Resources</b>       |                         |                     |                          |                  |                     |                     |
| Property Taxes                             | 2,044,687               | 2,472,717           | 0                        | 0                | 2,044,687           | 2,472,717           |
| Pension                                    | 718,278                 | 1,767,055           | 248,237                  | 372,347          | 966,515             | 2,139,402           |
| <i>Total Deferred Inflows of Resources</i> | <u>2,762,965</u>        | <u>4,239,772</u>    | <u>248,237</u>           | <u>372,347</u>   | <u>3,011,202</u>    | <u>4,612,119</u>    |
| <b>Net Position</b>                        |                         |                     |                          |                  |                     |                     |
| Net Investment in Capital Assets           | 16,502,107              | 16,783,043          | 62,464                   | 71,574           | 16,564,571          | 16,854,617          |
| Restricted                                 | 1,369,613               | 2,387,507           | 0                        | 0                | 1,369,613           | 2,387,507           |
| Unrestricted                               | (3,194,766)             | (5,098,481)         | 260,940                  | 202,787          | (2,933,826)         | (4,895,694)         |
| <i>Total Net Position</i>                  | <u>\$14,676,954</u>     | <u>\$14,072,069</u> | <u>\$323,404</u>         | <u>\$274,361</u> | <u>\$15,000,358</u> | <u>\$14,346,430</u> |

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited*

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

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

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

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

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

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

Total assets decreased \$306,320, with governmental assets decreasing \$311,961 and business-type assets increasing \$5,641. For governmental activities, this is primarily due to a decrease in capital assets and cash equivalents, offset by an increase in property taxes receivables. For business-type activities, this is primarily due to an increase in cash and cash equivalents, offset by a decrease in accounts and intergovernmental receivables.

Total liabilities increased \$1,442,505, with governmental liabilities increasing \$1,245,224 and business-type liabilities increasing \$197,281. This is primarily due to the increase in net pension liability.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited*

Table 2 shows the changes in net position for the fiscal year ended June 30, 2016, compared to changes in net position for the fiscal year ended June 30, 2015.

**Table 2  
Changes in Net Position**

|                                    | Governmental Activities |                     | Business-Type Activities |                  | Total               |                     |
|------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
|                                    | 2016                    | 2015                | 2016                     | 2015             | 2016                | 2015                |
| <b>Revenues</b>                    |                         |                     |                          |                  |                     |                     |
| Program Revenues:                  |                         |                     |                          |                  |                     |                     |
| Charges for Services and Sales     | \$222,809               | \$322,024           | \$1,322,722              | \$1,401,237      | \$1,545,531         | \$1,723,261         |
| Operating Grants and Contributions | 2,753,194               | 2,029,616           | 313,523                  | 334,449          | 3,066,717           | 2,364,065           |
|                                    | <u>2,976,003</u>        | <u>2,351,640</u>    | <u>1,636,245</u>         | <u>1,735,686</u> | <u>4,612,248</u>    | <u>4,087,326</u>    |
| General Revenues:                  |                         |                     |                          |                  |                     |                     |
| Property Taxes                     | 3,840,016               | 2,696,420           | 0                        | 0                | 3,840,016           | 2,696,420           |
| Grants and Entitlements            | 5,341,699               | 5,406,522           | 0                        | 0                | 5,341,699           | 5,406,522           |
| Interest                           | 115,251                 | 212,315             | 0                        | 0                | 115,251             | 212,315             |
| Gain on Sale of Capital Assets     | 370                     | 0                   | 0                        | 0                | 370                 | 0                   |
| Contributions and Donations        | 60,500                  | 0                   | 0                        | 0                | 60,500              | 0                   |
| Customer Sales and Services        | 0                       | 318                 | 0                        | 0                | 0                   | 318                 |
| Miscellaneous                      | 41,433                  | 30,830              | 0                        | 7,645            | 41,433              | 38,475              |
|                                    | <u>9,399,269</u>        | <u>8,346,405</u>    | <u>0</u>                 | <u>7,645</u>     | <u>9,399,269</u>    | <u>8,354,050</u>    |
| Total Revenues                     | <u>12,375,272</u>       | <u>10,698,045</u>   | <u>1,636,245</u>         | <u>1,743,331</u> | <u>14,011,517</u>   | <u>12,441,376</u>   |
| <b>Program Expenses</b>            |                         |                     |                          |                  |                     |                     |
| Instruction:                       |                         |                     |                          |                  |                     |                     |
| Regular                            | 9,267                   | 8,957               | 0                        | 0                | 9,267               | 8,957               |
| Special                            | 709,331                 | 903,399             | 0                        | 0                | 709,331             | 903,399             |
| Vocational                         | 5,210,390               | 4,810,449           | 0                        | 0                | 5,210,390           | 4,810,449           |
| Adult/Continuing                   | 597,776                 | 613,863             | 0                        | 0                | 597,776             | 613,863             |
| Support Services:                  |                         |                     |                          |                  |                     |                     |
| Pupils                             | 623,981                 | 491,608             | 0                        | 0                | 623,981             | 491,608             |
| Instructional Staff                | 543,496                 | 516,537             | 0                        | 0                | 543,496             | 516,537             |
| Board of Education                 | 81,496                  | 82,912              | 0                        | 0                | 81,496              | 82,912              |
| Administration                     | 606,238                 | 577,581             | 0                        | 0                | 606,238             | 577,581             |
| Fiscal                             | 412,149                 | 405,973             | 0                        | 0                | 412,149             | 405,973             |
| Business                           | 68,963                  | 73,712              | 0                        | 0                | 68,963              | 73,712              |
| Operation and Maintenance          |                         |                     |                          |                  |                     |                     |
| of Plant                           | 1,586,594               | 1,099,085           | 0                        | 0                | 1,586,594           | 1,099,085           |
| Pupil Transportation               | 17,208                  | 15,562              | 0                        | 0                | 17,208              | 15,562              |
| Central                            | 71,044                  | 94,345              | 0                        | 0                | 71,044              | 94,345              |
| Operation of Non-Instructional     |                         |                     |                          |                  |                     |                     |
| Services:                          |                         |                     |                          |                  |                     |                     |
| Food Service Operations            | 267,689                 | 301,292             | 0                        | 0                | 267,689             | 301,292             |
| Other                              | 903,842                 | 0                   | 0                        | 0                | 903,842             | 0                   |
| Extracurricular Activities         | 24,643                  | 16,640              | 0                        | 0                | 24,643              | 16,640              |
| Interest and Fiscal Charges        | 36,280                  | 41,013              | 0                        | 0                | 36,280              | 41,013              |
| Adult Education                    | 0                       | 0                   | 1,566,142                | 1,561,600        | 1,566,142           | 1,561,600           |
| Rotary                             | 0                       | 0                   | 21,060                   | 12,196           | 21,060              | 12,196              |
| Total Expenses                     | <u>11,770,387</u>       | <u>10,052,928</u>   | <u>1,587,202</u>         | <u>1,573,796</u> | <u>13,357,589</u>   | <u>11,626,724</u>   |
| Change in Net Position             | 604,885                 | 645,117             | 49,043                   | 169,535          | 653,928             | 814,652             |
| Net Position at Beginning of Year  | <u>14,072,069</u>       | <u>13,426,952</u>   | <u>274,361</u>           | <u>104,826</u>   | <u>14,346,430</u>   | <u>13,531,778</u>   |
| Net Position at End of Year        | <u>\$14,676,954</u>     | <u>\$14,072,069</u> | <u>\$323,404</u>         | <u>\$274,361</u> | <u>\$15,000,358</u> | <u>\$14,346,430</u> |

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited*

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***Governmental Activities***

Net position of the School District's governmental activities increased \$604,885 in fiscal year 2016. Total governmental expenses of \$11,770,387 were sufficiently covered by program revenues of \$2,976,003 and general revenues of \$9,399,269.

The primary sources of revenue for the School District are derived from property taxes, state foundation payments, and federal and state grants. These revenue sources represent 96.4 percent of the total revenue.

The remaining 3.6 percent of revenue is from charges for services and sales, interest, and miscellaneous local sources.

Over 55.4 percent of the School District's budget is used to fund instructional expenses. Support services make up 34.1 percent of expenses and 10.5 percent is used for interest and fiscal charges, extracurricular activities, and non-instructional services.

Program revenues covered 25 percent of program expenses overall. The remaining 75 percent is supported through tax revenues and other general revenues.

***Business-Type Activities***

The business-type activities involve the School District's adult education program and rotary services. These activities had revenues of \$1,636,245 and expenses of \$1,587,202 for fiscal year 2016.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2016 compared to fiscal year 2015. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited*

**Table 3  
Governmental Activities**

|                                    | 2016<br>Total Cost<br>of Services | 2016<br>Net Cost<br>of Services | 2015<br>Total Cost<br>of Services | 2015<br>Net Cost<br>of Services |
|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| <b>Program Expenses</b>            |                                   |                                 |                                   |                                 |
| Instruction:                       |                                   |                                 |                                   |                                 |
| Regular                            | \$9,267                           | \$7,307                         | \$8,957                           | \$8,957                         |
| Special                            | 709,331                           | (708,737)                       | 903,399                           | (7,799)                         |
| Vocational                         | 5,210,390                         | 5,079,403                       | 4,810,449                         | 4,630,219                       |
| Adult/Continuing                   | 597,776                           | 7,502                           | 613,863                           | 1,606                           |
| Support Services:                  |                                   |                                 |                                   |                                 |
| Pupils                             | 623,981                           | 371,306                         | 491,608                           | 370,374                         |
| Instructional Staff                | 543,496                           | 448,846                         | 516,537                           | 413,690                         |
| Board of Education                 | 81,496                            | 81,496                          | 82,912                            | 82,912                          |
| Administration                     | 606,238                           | 480,171                         | 577,581                           | 485,192                         |
| Fiscal                             | 412,149                           | 412,149                         | 405,973                           | 405,973                         |
| Business                           | 68,963                            | 68,963                          | 73,712                            | 73,712                          |
| Operation and Maintenance of Plant | 1,586,594                         | 1,575,142                       | 1,099,085                         | 1,099,085                       |
| Pupil Transportation               | 17,208                            | 17,208                          | 15,562                            | 15,562                          |
| Central                            | 71,044                            | 71,044                          | 94,345                            | 92,545                          |
| Non-Instructional Services:        |                                   |                                 |                                   |                                 |
| Food Service Operations            | 267,689                           | (82,181)                        | 301,292                           | (28,393)                        |
| Other                              | 903,842                           | 903,842                         | 0                                 | 0                               |
| Extracurricular Activities         | 24,643                            | 24,643                          | 16,640                            | 16,640                          |
| Interest and Fiscal Charges        | 36,280                            | 36,280                          | 41,013                            | 41,013                          |
| Totals                             | <u>\$11,770,387</u>               | <u>\$8,794,384</u>              | <u>\$10,052,928</u>               | <u>\$7,701,288</u>              |

As you can see, the reliance upon local tax revenues for governmental activities is crucial. 32.6 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 45.4 percent of expenses. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2016, approximately 80 percent of all activities were supported through taxes and other general revenues.

**THE SCHOOL DISTRICT FUNDS**

The School District's governmental funds reported a combined fund balance of \$8,570,336, an increase of \$341,415 from fiscal year 2015. All governmental funds had total revenues of \$12,104,525 and expenditures of \$11,638,750.

The School District's funds are accounted for using the modified accrual basis of accounting. The General Fund's decrease of \$330,972 is due primarily to an increase in transfers out to cover future capital improvements.

The Permanent Improvement Fund's increase of \$1,119,799 is due to transfers into this fund for future capital improvements.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited*

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**General Fund Budgeting Highlights**

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

During the course of fiscal 2016, the School District did amend its General Fund estimated revenues numerous times. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final revenue estimate was \$9,107,545, which represented a decrease of \$242,754 from original estimates of \$9,350,299. The final expenditure estimate of \$8,653,980 represented a \$407,556 or 4.5 percent, decrease from the original estimates of \$9,061,536.

The School District's ending unobligated General Fund balance was \$2,706,774.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2016, the School District had \$16,564,571 invested in capital assets, net of debt. Table 4 shows fiscal year 2016 balances compared to 2015.

**Table 4  
Capital Assets at June 30 (Net of Depreciation)**

|                            | Governmental Activities |              | Business-Type Activity |          | Total        |              |
|----------------------------|-------------------------|--------------|------------------------|----------|--------------|--------------|
|                            | 2016                    | 2015         | 2016                   | 2015     | 2016         | 2015         |
| Land                       | \$110,702               | \$110,702    | \$0                    | \$0      | \$110,702    | \$110,702    |
| Buildings and Improvements | 16,884,415              | 17,347,290   | 0                      | 0        | 16,884,415   | 17,347,290   |
| Furniture and Equipment    | 763,830                 | 838,323      | 62,464                 | 71,574   | 826,294      | 909,897      |
| Vehicles                   | 171,160                 | 118,728      | 0                      | 0        | 171,160      | 118,728      |
| Totals                     | \$17,930,107            | \$18,415,043 | \$62,464               | \$71,574 | \$17,992,571 | \$18,486,617 |

For additional information on capital assets, see Note 11 to the basic financial statements.

**Debt**

At June 30, 2016, the School District had Qualified Zone Academy Bonds outstanding in the amount of \$1,428,000. For additional information on debt, see Note 16 to the basic financial statements.

**CURRENT ISSUES**

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes. 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.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
Unaudited

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Externally, the School District is largely dependent on State funding sources (approximately 65 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a school district's property tax wealth.

Considered a mid-wealth school district, the Gallia-Jackson-Vinton Joint Vocational School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the School District is dependent upon property taxes and State funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from property taxes to meet inflation. Careful financial planning has permitted the School District to provide a quality education for our students.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional information, contact Donalyn Smith, Treasurer at Gallia-Jackson-Vinton Joint Vocational School District, P.O. Box 157, Rio Grande, Ohio 45674.

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**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Net Position*

June 30, 2016

|  | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|--|----------------------------|-----------------------------|---------------------|
| <b>Assets</b>                              |                            |                             |                     |
| Equity in Pooled Cash and Cash Equivalents | \$8,602,926                | \$2,469,313                 | \$11,072,239        |
| Accrued Interest Receivable                | 150                        | 0                           | 150                 |
| Accounts Receivable                        | 4,912                      | 7,549                       | 12,461              |
| Intergovernmental Receivable               | 240,458                    | 67,898                      | 308,356             |
| Materials and Supplies Inventory           | 20,318                     | 0                           | 20,318              |
| Inventory Held for Resale                  | 6,764                      | 0                           | 6,764               |
| Property Taxes Receivable                  | 3,318,416                  | 0                           | 3,318,416           |
| Prepaid Items                              | 18,263                     | 2,515                       | 20,778              |
| Nondepreciable Capital Assets              | 110,702                    | 0                           | 110,702             |
| Depreciable Capital Assets, Net            | 17,819,405                 | 62,464                      | 17,881,869          |
| <i>Total Assets</i>                        | <u>30,142,314</u>          | <u>2,609,739</u>            | <u>32,752,053</u>   |
| <b>Deferred Outflows of Resources</b>      |                            |                             |                     |
| Pension                                    | 1,336,217                  | 247,182                     | 1,583,399           |
| <b>Liabilities</b>                         |                            |                             |                     |
| Accounts Payable                           | 32,757                     | 2,888                       | 35,645              |
| Accrued Wages and Benefits Payable         | 659,779                    | 46,500                      | 706,279             |
| Accrued Interest Payable                   | 11,073                     | 0                           | 11,073              |
| Intergovernmental Payable                  | 132,044                    | 10,841                      | 142,885             |
| Accrued Vacation Leave Payable             | 24,275                     | 3,555                       | 27,830              |
| Claims Payable                             | 23,138                     | 0                           | 23,138              |
| Long-Term Liabilities:                     |                            |                             |                     |
| Due within One Year                        | 216,327                    | 0                           | 216,327             |
| Due in More than One Year:                 |                            |                             |                     |
| Net Pension Liability (See Note 14)        | 11,257,371                 | 2,195,453                   | 13,452,824          |
| Other Amounts Due in More Than One Year    | 1,681,848                  | 26,043                      | 1,707,891           |
| <i>Total Liabilities</i>                   | <u>14,038,612</u>          | <u>2,285,280</u>            | <u>16,323,892</u>   |
| <b>Deferred Inflows of Resources</b>       |                            |                             |                     |
| Property Taxes                             | 2,044,687                  | 0                           | 2,044,687           |
| Pension                                    | 718,278                    | 248,237                     | 966,515             |
| <i>Total Deferred Inflows of Resources</i> | <u>2,762,965</u>           | <u>248,237</u>              | <u>3,011,202</u>    |
| <b>Net Position</b>                        |                            |                             |                     |
| Net Investment in Capital Assets           | 16,502,107                 | 62,464                      | 16,564,571          |
| Restricted for:                            |                            |                             |                     |
| Debt Service                               | 226,057                    | 0                           | 226,057             |
| Food Service                               | 148,913                    | 0                           | 148,913             |
| Special Education                          | 25,839                     | 0                           | 25,839              |
| Classroom Facilities                       | 940,916                    | 0                           | 940,916             |
| Federal Grants                             | 27,888                     | 0                           | 27,888              |
| Unrestricted (Deficit)                     | (3,194,766)                | 260,940                     | (2,933,826)         |
| <i>Total Net Position</i>                  | <u>\$14,676,954</u>        | <u>\$323,404</u>            | <u>\$15,000,358</u> |

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2016

|  | Program Revenues    |                                   |   | Net (Expense) Revenue<br>and Changes in Net Position |                             | Total               |
|--|---------------------|-----------------------------------|---|--|-----------------------------|---------------------|
|  | Expenses            | Charges for<br>Services and Sales | Operating Grants,<br>Contributions,<br>and Interest | Governmental<br>Activities                           | Business-Type<br>Activities |                     |
| <b>Governmental Activities</b>                                 |                     |                                   |   |  |                             |                     |
| Instruction:   |                     |                                   |   |  |                             |                     |
| Regular  | \$9,267             | \$1,960                           | \$0   | (\$7,307)  | \$0                         | (\$7,307)           |
| Special  | 709,331             | 157,200                           | 1,260,868   | 708,737  | 0                           | 708,737             |
| Vocational   | 5,210,390           | 21,845                            | 109,142   | (5,079,403)  | 0                           | (5,079,403)         |
| Adult/Continuing   | 597,776             | 0                                 | 590,274   | (7,502)  | 0                           | (7,502)             |
| Support Services:  |                     |                                   |   |  |                             |                     |
| Pupils   | 623,981             | 0                                 | 252,675   | (371,306)  | 0                           | (371,306)           |
| Instructional Staff  | 543,496             | 0                                 | 94,650  | (448,846)  | 0                           | (448,846)           |
| Board of Education   | 81,496              | 0                                 | 0   | (81,496)   | 0                           | (81,496)            |
| Administration   | 606,238             | 16,156                            | 109,911   | (480,171)  | 0                           | (480,171)           |
| Fiscal   | 412,149             | 0                                 | 0   | (412,149)  | 0                           | (412,149)           |
| Business   | 68,963              | 0                                 | 0   | (68,963)   | 0                           | (68,963)            |
| Operation and Maintenance of Plant                             | 1,586,594           | 0                                 | 11,452  | (1,575,142)  | 0                           | (1,575,142)         |
| Pupil Transportation   | 17,208              | 0                                 | 0   | (17,208)   | 0                           | (17,208)            |
| Central  | 71,044              | 0                                 | 0   | (71,044)   | 0                           | (71,044)            |
| Operation of Non-Instructional Services:                       |                     |                                   |   |  |                             |                     |
| Food Service Operations  | 267,689             | 25,648                            | 324,222   | 82,181   | 0                           | 82,181              |
| Other  | 903,842             | 0                                 | 0   | (903,842)  | 0                           | (903,842)           |
| Extracurricular Activities                                     | 24,643              | 0                                 | 0   | (24,643)   | 0                           | (24,643)            |
| Interest and Fiscal Charges                                    | 36,280              | 0                                 | 0   | (36,280)   | 0                           | (36,280)            |
| <i>Total Governmental Activities</i>                           | <u>11,770,387</u>   | <u>222,809</u>                    | <u>2,753,194</u>                                    | <u>(8,794,384)</u>                                   | <u>0</u>                    | <u>(8,794,384)</u>  |
| <b>Business-Type Activities</b>                                |                     |                                   |   |  |                             |                     |
| Other Enterprise   | 21,060              | 13,851                            | 0   | 0  | (7,209)                     | (7,209)             |
| Adult Education  | 1,566,142           | 1,308,871                         | 313,523   | 0  | 56,252                      | 56,252              |
| <i>Total Business-Type Activities</i>                          | <u>1,587,202</u>    | <u>1,322,722</u>                  | <u>313,523</u>                                      | <u>0</u>   | <u>49,043</u>               | <u>49,043</u>       |
| <i>Totals</i>  | <u>\$13,357,589</u> | <u>\$1,545,531</u>                | <u>\$3,066,717</u>                                  | <u>(8,794,384)</u>                                   | <u>49,043</u>               | <u>(8,745,341)</u>  |
| <b>General Revenues</b>  |                     |                                   |   |  |                             |                     |
| Property Taxes Levied for General Purposes                     |                     |                                   |   | 3,840,016  | 0                           | 3,840,016           |
| Grants and Entitlements not Restricted to<br>Specific Programs |                     |                                   |   | 5,341,699  | 0                           | 5,341,699           |
| Investment Earnings  |                     |                                   |   | 115,251  | 0                           | 115,251             |
| Gifts and Donations  |                     |                                   |   | 60,500   | 0                           | 60,500              |
| Gain on Sale of Capital Assets                                 |                     |                                   |   | 370  | 0                           | 370                 |
| Miscellaneous  |                     |                                   |   | 41,433   | 0                           | 41,433              |
| <i>Total General Revenues</i>                                  |                     |                                   |   | <u>9,399,269</u>                                     | <u>0</u>                    | <u>9,399,269</u>    |
| <i>Change in Net Position</i>                                  |                     |                                   |   | 604,885  | 49,043                      | 653,928             |
| <i>Net Position at Beginning of Year</i>                       |                     |                                   |   | <u>14,072,069</u>                                    | <u>274,361</u>              | <u>14,346,430</u>   |
| <i>Net Position at End of Year</i>                             |                     |                                   |   | <u>\$14,676,954</u>                                  | <u>\$323,404</u>            | <u>\$15,000,358</u> |

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2016*

|  | General            | Permanent<br>Improvements | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|---------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>  |                    |                           |                                |                                |
| Equity in Pooled Cash and Cash Equivalents                                 | \$3,264,787        | \$3,653,684               | \$1,583,734                    | \$8,502,205                    |
| Receivables:   |                    |                           |                                |                                |
| Accrued Interest   | 150                | 0                         | 0                              | 150                            |
| Accounts   | 4,912              | 0                         | 0                              | 4,912                          |
| Intergovernmental  | 257                | 0                         | 240,201                        | 240,458                        |
| Interfund  | 259,377            | 0                         | 0                              | 259,377                        |
| Taxes  | 3,318,416          | 0                         | 0                              | 3,318,416                      |
| Materials and Supplies Inventory   | 18,675             | 0                         | 1,643                          | 20,318                         |
| Inventory Held for Resale  | 0                  | 0                         | 6,764                          | 6,764                          |
| Prepaid Items  | 16,910             | 0                         | 1,353                          | 18,263                         |
| <i>Total Assets</i>  | <u>\$6,883,484</u> | <u>\$3,653,684</u>        | <u>\$1,833,695</u>             | <u>\$12,370,863</u>            |
| <b>Liabilities and Fund Balances</b>                                       |                    |                           |                                |                                |
| <b>Liabilities</b>   |                    |                           |                                |                                |
| Accounts Payable   | \$31,781           | \$0                       | \$976                          | \$32,757                       |
| Accrued Wages and Benefits Payable   | 559,005            | 0                         | 100,774                        | 659,779                        |
| Intergovernmental Payable  | 101,917            | 0                         | 30,018                         | 131,935                        |
| Interfund Payable  | 0                  | 0                         | 259,377                        | 259,377                        |
| <i>Total Liabilities</i>   | <u>692,703</u>     | <u>0</u>                  | <u>391,145</u>                 | <u>1,083,848</u>               |
| <b>Deferred Inflows of Resources</b>                                       |                    |                           |                                |                                |
| Property Taxes   | 2,044,687          | 0                         | 0                              | 2,044,687                      |
| Unavailable Revenue  | 515,277            | 0                         | 156,715                        | 671,992                        |
| <i>Total Deferred Inflows of Resources</i>                                 | <u>2,559,964</u>   | <u>0</u>                  | <u>156,715</u>                 | <u>2,716,679</u>               |
| <b>Fund Balances</b>   |                    |                           |                                |                                |
| Nonspendable   | 35,585             | 0                         | 2,996                          | 38,581                         |
| Restricted   | 0                  | 0                         | 1,411,629                      | 1,411,629                      |
| Committed  | 72,558             | 0                         | 0                              | 72,558                         |
| Assigned   | 3,522,674          | 3,653,684                 | 0                              | 7,176,358                      |
| Unassigned   | 0                  | 0                         | (128,790)                      | (128,790)                      |
| <i>Total Fund Balances</i>   | <u>3,630,817</u>   | <u>3,653,684</u>          | <u>1,285,835</u>               | <u>8,570,336</u>               |
| <i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | <u>\$6,883,484</u> | <u>\$3,653,684</u>        | <u>\$1,833,695</u>             | <u>\$12,370,863</u>            |

See accompanying notes to the general purpose external financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Reconciliation of Total Governmental Fund Balances*

*to Net Position of Governmental Activities*

*June 30, 2016*

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|  |                     |                            |
|--|---------------------|----------------------------|
| <b>Total Governmental Fund Balances</b>  |                     | <b>\$8,570,336</b>         |
| <br><i>Amounts reported for governmental activities in the statement of net position are different because</i>   |                     |                            |
| Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |                     | 17,930,107                 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:   |                     |                            |
| Delinquent Property Taxes  | 510,247             |                            |
| Tuition and Fees   | 4,773               |                            |
| Intergovernmental Revenues   | <u>156,972</u>      | 671,992                    |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net position. |                     | 77,474                     |
| The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:  |                     |                            |
| Deferred Outflows - Pension  | 1,336,217           |                            |
| Deferred Inflows - Pension   | (718,278)           |                            |
| Net Pension Liability  | <u>(11,257,371)</u> | (10,639,432)               |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:   |                     |                            |
| Qualified Zone Academy Bonds   | (1,428,000)         |                            |
| Accrued Interest Payable   | (11,073)            |                            |
| Sick Leave Benefits Payable  | (470,175)           |                            |
| Vacation Leave Payable   | <u>(24,275)</u>     | <u>(1,933,523)</u>         |
| Net Position of Governmental Activities  |                     | <u><u>\$14,676,954</u></u> |

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2016*

|   | General            | Permanent<br>Improvements | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------|---------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                     |                    |                           |                                |                                |
| Property Taxes                                      | \$3,620,247        | \$0                       | \$0                            | \$3,620,247                    |
| Intergovernmental                                   | 5,930,042          | 0                         | 2,114,080                      | 8,044,122                      |
| Investment Earnings                                 | 104,933            | 0                         | 11,292                         | 116,225                        |
| Tuition and Fees                                    | 21,401             | 0                         | 0                              | 21,401                         |
| Customer Sales and Services                         | 1,361              | 0                         | 197,582                        | 198,943                        |
| Rent  | 789                | 0                         | 0                              | 789                            |
| Extracurricular Activities                          | 865                | 0                         | 0                              | 865                            |
| Gifts and Donations                                 | 60,500             | 0                         | 0                              | 60,500                         |
| Miscellaneous                                       | 41,433             | 0                         | 0                              | 41,433                         |
| <i>Total Revenues</i>                               | <u>9,781,571</u>   | <u>0</u>                  | <u>2,322,954</u>               | <u>12,104,525</u>              |
| <b>Expenditures</b>                                 |                    |                           |                                |                                |
| Current:  |                    |                           |                                |                                |
| Instruction:  |                    |                           |                                |                                |
| Regular   | 9,601              | 0                         | 0                              | 9,601                          |
| Special   | 0                  | 0                         | 708,805                        | 708,805                        |
| Vocational  | 5,174,844          | 0                         | 106,182                        | 5,281,026                      |
| Adult/Continuing                                    | 0                  | 0                         | 600,636                        | 600,636                        |
| Support Services:                                   |                    |                           |                                |                                |
| Pupils  | 385,238            | 0                         | 250,512                        | 635,750                        |
| Instructional Staff                                 | 455,465            | 0                         | 104,822                        | 560,287                        |
| Board of Education                                  | 81,549             | 0                         | 0                              | 81,549                         |
| Administration                                      | 536,827            | 0                         | 109,672                        | 646,499                        |
| Fiscal  | 411,528            | 0                         | 0                              | 411,528                        |
| Business  | 65,321             | 0                         | 0                              | 65,321                         |
| Operation and Maintenance of Plant                  | 909,844            | 0                         | 196,592                        | 1,106,436                      |
| Pupil Transportation                                | 12,238             | 0                         | 0                              | 12,238                         |
| Central   | 67,338             | 0                         | 903,842                        | 971,180                        |
| Operation of Non-Instructional Services:            |                    |                           |                                |                                |
| Food Service Operations                             | 0                  | 0                         | 281,389                        | 281,389                        |
| Extracurricular Activities                          | 24,643             | 0                         | 0                              | 24,643                         |
| Debt Service:                                       |                    |                           |                                |                                |
| Principal Retirement                                | 0                  | 0                         | 204,000                        | 204,000                        |
| Interest and Fiscal Charges                         | 0                  | 0                         | 37,862                         | 37,862                         |
| <i>Total Expenditures</i>                           | <u>8,134,436</u>   | <u>0</u>                  | <u>3,504,314</u>               | <u>11,638,750</u>              |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>1,647,135</u>   | <u>0</u>                  | <u>(1,181,360)</u>             | <u>465,775</u>                 |
| <b>Other Financing Sources (Uses)</b>               |                    |                           |                                |                                |
| Transfers In  | 0                  | 1,119,799                 | 1,160,606                      | 2,280,405                      |
| Proceeds from Sale of Capital Assets                | 370                | 0                         | 0                              | 370                            |
| Transfers Out                                       | (1,978,477)        | 0                         | (426,928)                      | (2,405,405)                    |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(1,978,107)</u> | <u>1,119,799</u>          | <u>733,678</u>                 | <u>(124,630)</u>               |
| <i>Net Change in Fund Balance</i>                   | <u>(330,972)</u>   | <u>1,119,799</u>          | <u>(447,682)</u>               | <u>341,145</u>                 |
| <i>Fund Balances at Beginning of Year</i>           | <u>3,961,789</u>   | <u>2,533,885</u>          | <u>1,733,517</u>               | <u>8,229,191</u>               |
| <i>Fund Balances at End of Year</i>                 | <u>\$3,630,817</u> | <u>\$3,653,684</u>        | <u>\$1,285,835</u>             | <u>\$8,570,336</u>             |

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2016*

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**Net Change in Fund Balances - Total Governmental Funds** \$341,145

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

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

|                         |                  |           |
|-------------------------|------------------|-----------|
| Capital Asset Additions | 190,754          |           |
| Depreciation Expense    | <u>(675,690)</u> | (484,936) |

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

|                            |                |         |
|----------------------------|----------------|---------|
| Delinquent Property Taxes  | 49,797         |         |
| Tuition and Fees           | 811            |         |
| Intergovernmental Revenues | <u>219,769</u> | 270,377 |

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 204,000

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows. 743,132

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (532,667)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due. 1,582

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities: 23,033

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

|                             |               |               |
|-----------------------------|---------------|---------------|
| Sick Leave Benefits Payable | 21,264        |               |
| Vacation Leave Payable      | <u>17,955</u> | <u>39,219</u> |

*Change in Net Position of Governmental Activities* \$604,885

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*General Fund*

*For the Fiscal Year Ended June 30, 2016*

|   | Budgeted Amounts          |                           | Actual                    | Variance with                          |
|---|---------------------------|---------------------------|---------------------------|--|
|   | Original                  | Final                     |                           | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                             |                           |                           |                           |  |
| Property Taxes                              | \$2,974,266               | \$2,968,398               | \$2,968,398               | \$0                                    |
| Intergovernmental                           | 6,083,005                 | 5,930,042                 | 5,930,042                 | 0                                      |
| Interest                                    | 160,000                   | 104,932                   | 104,932                   | 0                                      |
| Tuition and Fees                            | 0                         | 1,000                     | 1,000                     | 0                                      |
| Rent  | 1,000                     | 1,107                     | 1,107                     | 0                                      |
| Extracurricular                             | 1,000                     | 865                       | 865                       | 0                                      |
| Gifts and Donations                         | 60,500                    | 60,500                    | 60,500                    | 0                                      |
| Miscellaneous                               | 70,528                    | 40,701                    | 40,701                    | 0                                      |
| <i>Total Revenues</i>                       | <u>9,350,299</u>          | <u>9,107,545</u>          | <u>9,107,545</u>          | <u>0</u>                               |
| <b>Expenditures</b>                         |                           |                           |                           |  |
| Current:                                    |                           |                           |                           |  |
| Instruction:                                |                           |                           |                           |  |
| Regular                                     | 9,539                     | 10,524                    | 10,524                    | 0                                      |
| Vocational                                  | 5,350,699                 | 5,253,466                 | 5,253,466                 | 0                                      |
| Support Services:                           |                           |                           |                           |  |
| Pupils                                      | 443,257                   | 395,870                   | 395,870                   | 0                                      |
| Instructional Staff                         | 485,218                   | 708,794                   | 708,794                   | 0                                      |
| Board of Education                          | 190,154                   | 119,181                   | 119,181                   | 0                                      |
| Administration                              | 649,211                   | 536,218                   | 536,218                   | 0                                      |
| Fiscal                                      | 464,561                   | 424,271                   | 424,271                   | 0                                      |
| Business                                    | 74,221                    | 64,889                    | 64,889                    | 0                                      |
| Operation and Maintenance of Plant          | 1,200,410                 | 1,023,903                 | 1,023,903                 | 0                                      |
| Pupil Transportation                        | 28,465                    | 16,278                    | 16,278                    | 0                                      |
| Central                                     | 142,636                   | 76,084                    | 76,084                    | 0                                      |
| Extracurricular Activities                  | 23,165                    | 24,502                    | 24,502                    | 0                                      |
| <i>Total Expenditures</i>                   | <u>9,061,536</u>          | <u>8,653,980</u>          | <u>8,653,980</u>          | <u>0</u>                               |
| <i>Excess of Revenues Over Expenditures</i> | <u>288,763</u>            | <u>453,565</u>            | <u>453,565</u>            | <u>0</u>                               |
| <b>Other Financing Sources (Uses)</b>       |                           |                           |                           |  |
| Advances In                                 | 669,907                   | 669,907                   | 669,907                   | 0                                      |
| Proceeds from Sale of Capital Assets        | 2,686                     | 370                       | 370                       | 0                                      |
| Refund of Prior Year Expenditures           | 15,000                    | 1,474                     | 1,474                     | 0                                      |
| Refund of Prior Year Receipt                | (5,000)                   | (1,144)                   | (1,144)                   | 0                                      |
| Transfers Out                               | (2,657,210)               | (1,998,477)               | (1,998,477)               | 0                                      |
| Advances Out                                | (650,000)                 | (259,377)                 | (259,377)                 | 0                                      |
| <i>Total Other Financing Sources (Uses)</i> | <u>(2,624,617)</u>        | <u>(1,587,247)</u>        | <u>(1,587,247)</u>        | <u>0</u>                               |
| <i>Net Change in Fund Balance</i>           | <u>(2,335,854)</u>        | <u>(1,133,682)</u>        | <u>(1,133,682)</u>        | <u>0</u>                               |
| <i>Fund Balance at Beginning of Year</i>    | <u>3,453,106</u>          | <u>3,453,106</u>          | <u>3,453,106</u>          | <u>0</u>                               |
| Prior Year Encumbrances Appropriated        | <u>387,350</u>            | <u>387,350</u>            | <u>387,350</u>            | <u>0</u>                               |
| <i>Fund Balance at End of Year</i>          | <u><u>\$1,504,602</u></u> | <u><u>\$2,706,774</u></u> | <u><u>\$2,706,774</u></u> | <u><u>\$0</u></u>                      |

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Fund Net Position*

*Proprietary Funds*

*June 30, 2016*

|  | Business-Type Activities |                  |                  | Governmental    |
|--|--------------------------|------------------|------------------|-----------------|
|  | Other                    |                  | Total            | Activities      |
|  | Adult                    | Enterprise       | Enterprise       | Internal        |
|  | Education                | Fund             | Funds            | Service         |
| <b>Assets</b>                              |                          |                  |                  |                 |
| Current :                                  |                          |                  |                  |                 |
| Equity in Pooled Cash and Cash Equivalents | \$2,356,284              | \$113,029        | \$2,469,313      | \$100,721       |
| Accounts Receivable                        | 5,230                    | 2,319            | 7,549            | 0               |
| Intergovernmental Receivable               | 67,898                   | 0                | 67,898           | 0               |
| Prepaid Items                              | 2,515                    | 0                | 2,515            | 0               |
| <i>Total Current Assets</i>                | <u>2,431,927</u>         | <u>115,348</u>   | <u>2,547,275</u> | <u>100,721</u>  |
| Noncurrent:                                |                          |                  |                  |                 |
| Depreciable Capital Assets, Net            | 62,464                   | 0                | 62,464           | 0               |
| <i>Total Assets</i>                        | <u>2,494,391</u>         | <u>115,348</u>   | <u>2,609,739</u> | <u>100,721</u>  |
| <b>Deferred Outflows of Resources</b>      |                          |                  |                  |                 |
| Pension                                    | 247,182                  | 0                | 247,182          | 0               |
| <b>Liabilities</b>                         |                          |                  |                  |                 |
| Current:                                   |                          |                  |                  |                 |
| Accounts Payable                           | 2,888                    | 0                | 2,888            | 0               |
| Accrued Wages and Benefits Payable         | 46,500                   | 0                | 46,500           | 0               |
| Intergovernmental Payable                  | 10,841                   | 0                | 10,841           | 109             |
| Accrued Vacation Leave Payable             | 3,555                    | 0                | 3,555            | 0               |
| Claims Payable                             | 0                        | 0                | 0                | 23,138          |
| <i>Total Current Liabilities</i>           | <u>63,784</u>            | <u>0</u>         | <u>63,784</u>    | <u>23,247</u>   |
| Long-Term:                                 |                          |                  |                  |                 |
| Compensated Absences Payable               | 26,043                   | 0                | 26,043           | 0               |
| Net Pension Liability                      | 2,195,453                | 0                | 2,195,453        | 0               |
| <i>Total Long-term Liabilities</i>         | <u>2,221,496</u>         | <u>0</u>         | <u>2,221,496</u> | <u>0</u>        |
| <i>Total Liabilities</i>                   | <u>2,285,280</u>         | <u>0</u>         | <u>2,285,280</u> | <u>23,247</u>   |
| <b>Deferred Inflows of Resources</b>       |                          |                  |                  |                 |
| Pension                                    | 248,237                  | 0                | 248,237          | 0               |
| <b>Net Position</b>                        |                          |                  |                  |                 |
| Net Investment in Capital Assets           | 62,464                   | 0                | 62,464           | 0               |
| Unrestricted                               | 145,592                  | 115,348          | 260,940          | 77,474          |
| <i>Total Net Position</i>                  | <u>\$208,056</u>         | <u>\$115,348</u> | <u>\$323,404</u> | <u>\$77,474</u> |

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Proprietary Funds  
For the Year December 31, 2016*

|  | Business-Type Activities |                    |                     | Governmental        |
|--|--------------------------|--------------------|---------------------|---------------------|
|  | Adult<br>Education       | Other              | Total               | Internal<br>Service |
|  |                          | Enterprise<br>Fund | Enterprise<br>Funds |                     |
| <b>Operating Revenues</b>                |                          |                    |                     |                     |
| Tuition and Fees                         | \$650,859                | \$0                | \$650,859           | \$0                 |
| Sales                                    | 235,730                  | 0                  | 235,730             | 0                   |
| Charges for Services                     | 422,282                  | 13,851             | 436,133             | 0                   |
| <i>Total Operating Revenues</i>          | <u>1,308,871</u>         | <u>13,851</u>      | <u>1,322,722</u>    | <u>0</u>            |
| <b>Operating Expenses</b>                |                          |                    |                     |                     |
| Salaries and Wages                       | 1,117,671                | 0                  | 1,117,671           | 0                   |
| Fringe Benefits                          | 161,002                  | 0                  | 161,002             | 0                   |
| Purchased Services                       | 85,042                   | 0                  | 85,042              | 5,537               |
| Materials and Supplies                   | 131,716                  | 19,719             | 151,435             | 0                   |
| Depreciation                             | 13,503                   | 0                  | 13,503              | 0                   |
| Claims                                   | 0                        | 0                  | 0                   | 96,191              |
| Other Operating Expenses                 | 57,208                   | 1,341              | 58,549              | 239                 |
| <i>Total Operating Expenses</i>          | <u>1,566,142</u>         | <u>21,060</u>      | <u>1,587,202</u>    | <u>101,967</u>      |
| <i>Operating Loss</i>                    | (257,271)                | (7,209)            | (264,480)           | (101,967)           |
| <b>Non-Operating Revenues</b>            |                          |                    |                     |                     |
| Federal and State Subsidies              | 313,523                  | 0                  | 313,523             | 0                   |
| Income (Loss) before Transfers           | 56,252                   | (7,209)            | 49,043              | (101,967)           |
| Transfers                                | 0                        | 0                  | 0                   | 125,000             |
| <i>Change in Net Position</i>            | 56,252                   | (7,209)            | 49,043              | 23,033              |
| <i>Net Position at Beginning of Year</i> | <u>151,804</u>           | <u>122,557</u>     | <u>274,361</u>      | <u>54,441</u>       |
| <i>Net Position at End of Year</i>       | <u>\$208,056</u>         | <u>\$115,348</u>   | <u>\$323,404</u>    | <u>\$77,474</u>     |

See accompanying notes to the basic financial statements

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Statement of Cash Flows*

*Proprietary Funds*

*For the Fiscal Year Ended June 30, 2016*

|   | Business-Type Activities |                  |                    | Governmental       |
|---|--------------------------|------------------|--------------------|--------------------|
|   | Adult                    | Other            | Total              | Internal           |
|   | Education                | Enterprise       | Enterprise         | Service            |
|   | Fund                     | Funds            | Funds              |                    |
| <b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>                    |                          |                  |                    |                    |
| <b>Cash Flows from Operating Activities</b>                                       |                          |                  |                    |                    |
| Cash Received from Customers  | \$734,364                | \$16,869         | \$751,233          | \$0                |
| Cash Received from Tuition and Fees   | 720,851                  | 0                | 720,851            | 0                  |
| Cash Payments for Employee Services and Benefits                                  | (1,300,025)              | 0                | (1,300,025)        | 0                  |
| Cash Payments to Suppliers for Goods and Services                                 | (238,968)                | (19,719)         | (258,687)          | (5,537)            |
| Cash Payments for Claims  | 0                        | 0                | 0                  | (96,566)           |
| Other Operating Expenses  | (57,215)                 | (1,341)          | (58,556)           | (130)              |
| <i>Net Cash Used for Operating Activities</i>                                     | <u>(140,993)</u>         | <u>(4,191)</u>   | <u>(145,184)</u>   | <u>(102,233)</u>   |
| <b>Cash Flows from Noncapital Financing Activities</b>                            |                          |                  |                    |                    |
| Operating Grants Received   | 313,523                  | 0                | 313,523            | 125,000            |
| <b>Cash Flows from Capital and Related Financing Activities</b>                   |                          |                  |                    |                    |
| Acquisition of Capital Assets   | (4,393)                  | 0                | (4,393)            | 0                  |
| <i>Net Increase (Decrease) in Cash and Cash Equivalents</i>                       | 168,137                  | (4,191)          | 163,946            | 22,767             |
| <i>Cash and Cash Equivalents at Beginning of Year</i>                             | 2,188,147                | 117,220          | 2,305,367          | 77,954             |
| <i>Cash and Cash Equivalents at End of Year</i>                                   | <u>\$2,356,284</u>       | <u>\$113,029</u> | <u>\$2,469,313</u> | <u>\$100,721</u>   |
| <b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b> |                          |                  |                    |                    |
| <i>Operating Loss</i>   | (\$257,271)              | (\$7,209)        | (\$264,480)        | (\$101,967)        |
| <i>Adjustments:</i>   |                          |                  |                    |                    |
| Depreciation  | 13,503                   | 0                | 13,503             | 0                  |
| (Increase) Decrease in Assets:  |                          |                  |                    |                    |
| Accounts Receivable   | 106,422                  | 3,018            | 109,440            | 0                  |
| Intergovernmental Receivable  | 39,922                   | 0                | 39,922             | 0                  |
| Prepaid Items   | (167)                    | 0                | (167)              | 0                  |
| Increase in Deferred Outflow- Pension   | (1,637)                  | 0                | (1,637)            | 0                  |
| Increase (Decrease) in Liabilities:   |                          |                  |                    |                    |
| Accounts Payable  | 1,160                    | 0                | 1,160              | 0                  |
| Intergovernmental Payable   | 4,560                    | 0                | 4,560              | 109                |
| Claims Payable  | 0                        | 0                | 0                  | (375)              |
| Accrued Wages and Benefits Payable  | 22,938                   | 0                | 22,938             | 0                  |
| Vacation Leave Payable  | 286                      | 0                | 286                | 0                  |
| Net Pension Liability   | 20,786                   | 0                | 20,786             | 0                  |
| Compensated Absences Payable  | 1,318                    | 0                | 1,318              | 0                  |
| Decrease in Deferred Inflow- Pension  | (92,813)                 | 0                | (92,813)           | 0                  |
| <i>Net Cash Used for Operating Activities</i>                                     | <u>(\$140,993)</u>       | <u>(\$4,191)</u> | <u>(\$145,184)</u> | <u>(\$102,233)</u> |

See accompanying notes to the basic financial statements

## **Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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### **Note 1 - Description of the School District and Reporting Entity**

The Gallia-Jackson-Vinton Joint Vocational School District (the School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of nine members from the six participating school districts located within Gallia, Jackson, and Vinton Counties. The Board of Education consists of five members from the three city school districts and four members from the three local school districts. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1970. The buildings are located on a 47.63 acre site and were opened for instruction in 1975. It is staffed by 23 classified employees, 55 certificated employees, and 12 administrative employees who provide services to 1,500 high school students and 311 adult students through the adult education department evening classes and customized training for business and industry.

#### *Reporting Entity*

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

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

The School District participates in the Metropolitan Educational Technology Association and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Plan and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are defined as insurance purchasing pools. These organizations are presented in Notes 17 and 18.

### **Note 2 - Summary of Significant Accounting Policies**

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

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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### **A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

### **B. Fund Accounting**

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

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

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

**Permanent Improvements Capital Projects Fund** The Permanent Improvements Capital Projects Fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

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

**Proprietary Fund Types** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service.

**Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's only major enterprise fund accounts for the operation of the School District's adult education program.

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

**Fiduciary Fund Type** 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund, which accounts for student loans.

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (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 are generally 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.

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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Like the government-wide statements, the proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

### ***D. Basis of Accounting***

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

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

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

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

***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 School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 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 School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and customer sales and services. 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 14).

***Expenses/Expenditures*** On the accrual basis, expenses are recognized at the time they are incurred.

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

***E. Cash and Cash Equivalents***

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

During fiscal year 2016, investments were limited to non-negotiable certificates of deposit, which 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 is credited to the General Fund; the Lunchroom Special Revenue Fund; and the Permanent Improvements and the Classroom Facilities Capital Projects Funds.

Investment earnings credited to the General Fund during fiscal year 2016 amounted to \$104,933, which includes \$62,224 assigned from other School District funds.

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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**G. Inventory**

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

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements. Capital assets utilized by the Adult Education Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net position and in the fund.

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

All reported capital assets, except land, 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> |
|----------------------------|------------------------|
| Buildings and Improvements | 50 years               |
| Furniture and Equipment    | 5 - 20 years           |
| Vehicles                   | 5 - 20 years           |
| Textbooks                  | 5 - 20 years           |

**I. Interfund Balances**

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

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

### ***K. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

In general, governmental fund payables, net pension liability, 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, net pension liability, 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 year. Bonds are recognized as a liability on the governmental fund financial statements when due.

### ***L. Internal Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

### ***M. Fund Balance***

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

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are 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.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

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

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

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

***N. Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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 external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

***O. 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.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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***P. Operating Revenues and Expenses***

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

***Q. Estimates***

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

***R. 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 of Education's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations to the 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 School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

**Note 3 - Fund Balances**

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

| Fund Balances                    | General<br>Fund    | Permanent<br>Improvements<br>Fund | Other<br>Governmental<br>Funds | Total              |
|----------------------------------|--------------------|-----------------------------------|--------------------------------|--------------------|
| Nonspendable:                    |                    |                                   |                                |                    |
| Prepays                          | \$16,910           | \$0                               | \$1,353                        | \$18,263           |
| Materials and Supplies Inventory | 18,675             | 0                                 | 1,643                          | 20,318             |
| <i>Total Nonspendable</i>        | <u>35,585</u>      | <u>0</u>                          | <u>2,996</u>                   | <u>38,581</u>      |
| Restricted for:                  |                    |                                   |                                |                    |
| Debt Service Expenditures        | 0                  | 0                                 | 237,130                        | 237,130            |
| Special Education Expenditures   | 0                  | 0                                 | 73,166                         | 73,166             |
| Food Service Expenditures        | 0                  | 0                                 | 161,770                        | 161,770            |
| Capital Improvements             | 0                  | 0                                 | 939,563                        | 939,563            |
| <i>Total Restricted</i>          | <u>0</u>           | <u>0</u>                          | <u>1,411,629</u>               | <u>1,411,629</u>   |
| Committed to:                    |                    |                                   |                                |                    |
| Scholarships                     | 439                | 0                                 | 0                              | 439                |
| Equipment Purchases              | 72,119             | 0                                 | 0                              | 72,119             |
| <i>Total Committed</i>           | <u>72,558</u>      | <u>0</u>                          | <u>0</u>                       | <u>72,558</u>      |
| Assigned to:                     |                    |                                   |                                |                    |
| Fiscal Year 2017 Appropriations  | 3,027,053          | 0                                 | 0                              | 3,027,053          |
| School Support Services          | 22,967             | 0                                 | 0                              | 22,967             |
| Purchases on Order               | 472,654            | 0                                 | 0                              | 472,654            |
| Capital Improvements             | 0                  | 3,653,684                         | 0                              | 3,653,684          |
| <i>Total Assigned</i>            | <u>3,522,674</u>   | <u>3,653,684</u>                  | <u>0</u>                       | <u>7,176,358</u>   |
| Unassigned:                      | 0                  | 0                                 | (128,790)                      | (128,790)          |
| <i>Total Fund Balances</i>       | <u>\$3,630,817</u> | <u>\$3,653,684</u>                | <u>\$1,285,835</u>             | <u>\$8,570,336</u> |

**Note 4 - Fund Deficits**

The following funds had deficit fund balances as of June 30, 2016:

|                                | <u>Deficit<br/>Fund Balances</u> |
|--------------------------------|----------------------------------|
| <b>Special Revenue Funds:</b>  |                                  |
| Adult Basic Literacy Education | (\$38,339)                       |
| Perkins                        | (84,948)                         |
| Title II-A                     | (323)                            |
| Miscellaneous Federal Grants   | (5,180)                          |

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) 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 commitment or assignment of fund balance (GAAP basis).
4. Advances In and Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund for GAAP reporting.

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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Net Change in Fund Balance

|   |                             |
|---|-----------------------------|
| GAAP Basis  | (\$330,972)                 |
| Net Adjustment for:   |                             |
| Revenue Accruals  | (630,761)                   |
| Expenditure Accruals  | (30,969)                    |
| Prepaid Items:  |                             |
| Beginning of Fiscal Year  | 24,754                      |
| End of Fiscal Year  | (16,910)                    |
| To reclassify excess of expenditures over<br>revenues into financial statement fund types | 15,280                      |
| Transfers In  | (20,000)                    |
| Transfers Out   | (20,000)                    |
| Advances In   | 669,907                     |
| Advances Out  | (259,377)                   |
| Encumbrances  | <u>(534,634)</u>            |
| Budget Basis  | <u><u>(\$1,133,682)</u></u> |

**Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations or political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$11,022,416 of the School District's bank balance of \$11,372,416 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

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

### **Note 7 - Property Taxes**

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

Public utility property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Public utility real property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Gallia, Jackson, Vinton, and Lawrence Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2016, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2016, was \$763,482 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2015, was \$111,633.

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

|   | 2015 Second-Half Collections |                | 2016 First-Half Collections |                |
|---|------------------------------|----------------|-----------------------------|----------------|
|   | Amount                       | Percent        | Amount                      | Percent        |
| Agricultural/Residential                      | \$859,830,730                | 61.17%         | \$931,650,160               | 62.64%         |
| Commercial/Industrial and Public Utility Real | 213,309,710                  | 15.18%         | 212,144,000                 | 14.27%         |
| Public Utility Personal                       | 332,478,340                  | 23.65%         | 343,322,960                 | 23.09%         |
| Total   | <u>\$1,405,618,780</u>       | <u>100.00%</u> | <u>\$1,487,117,120</u>      | <u>100.00%</u> |
| Tax Rate per \$1,000 of assessed valuation    | \$2.00                       |                | \$2.00                      |                |

**Note 8 - Interfund Activity**

**A. Transfers**

The following transfers were made during fiscal year 2016:

| Transfer Out             | Transfer In           |                          |                  | Total              |
|--------------------------|-----------------------|--------------------------|------------------|--------------------|
|                          | Permanent Improvement | Other Governmental Funds | Internal Service |                    |
| Major Funds:             |                       |                          |                  |                    |
| General Fund             | \$692,871             | \$1,160,606              | \$125,000        | \$1,978,477        |
| Other Governmental Funds | 426,928               | 0                        | 0                | 426,928            |
|                          | <u>\$1,119,799</u>    | <u>\$1,160,606</u>       | <u>\$125,000</u> | <u>\$2,405,405</u> |

The General Fund transferred \$183,691 to the Classroom Maintenance Fund. This transfer was made to meet the School District's facilities maintenance requirements as part of the Ohio School Facilities Commission funding. \$976,915 was transferred from the General Fund to the Bond Retirement Fund for the purpose of debt payments. \$692,871 was transferred from the General Fund to the Permanent Improvement Fund for the purpose of capital improvements. The General Fund also transferred \$125,000 to the Internal Service Fund.

\$123,499 was transferred from the Ohio School Facilities Commission Permanent Improvement Fund and \$303,429 from the Classroom Facilities Commission Fund to the Permanent Improvement Fund for the purpose of closing out the Ohio School Facilities Commission projects.

**B. Interfund Balances**

Interfund balances at June 30, 2016, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

|                                  | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|----------------------------------|----------------------------------|-------------------------------|
| <b>General Fund</b>              | <u>\$259,377</u>                 | <u>\$0</u>                    |
| <b>Other Governmental Funds:</b> |                                  |                               |
| Adult Basic Literacy Education   | 0                                | 38,660                        |
| Carl D. Perkins                  | 0                                | 131,640                       |
| Pell                             | 0                                | 72,306                        |
| Title II-A                       | 0                                | 323                           |
| Miscellaneous Federal Grants     | 0                                | 16,383                        |
| Miscellaneous State Grants       | <u>0</u>                         | <u>65</u>                     |
| Total Other Governmental Funds   | <u>0</u>                         | <u>259,377</u>                |
| Total                            | <u><u>\$259,377</u></u>          | <u><u>\$259,377</u></u>       |

**Note 9 - Significant Commitments**

**A. Contractual Commitments**

As of June 30, 2016, the School District had a contractual purchase commitment for HVAC improvements as follows:

| <u>Fund</u>           | <u>Contract<br/>Amount</u> | <u>Amount<br/>Expended</u> | <u>Balance at<br/>06/30/16</u> |
|-----------------------|----------------------------|----------------------------|--------------------------------|
| Permanent Improvement | \$119,800                  | \$0                        | \$119,800                      |

**B. Encumbrances**

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

|                                      |                         |
|--------------------------------------|-------------------------|
| <b>Governmental Activities:</b>      |                         |
| General Fund                         | \$534,834               |
| Permanent Improvement                | 24,965                  |
| Other Governmental Funds             | <u>89,310</u>           |
| Total Governmental Funds             | <u>649,109</u>          |
| <b>Business-Type Activities:</b>     |                         |
| Adult Education Enterprise Fund      | 68,927                  |
| Rotary Fund                          | 114                     |
| Self Insurance Internal Service Fund | <u>41,293</u>           |
| Total Business-Type Funds            | <u>110,334</u>          |
| Total                                | <u><u>\$759,443</u></u> |

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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**Note 10 - Receivables**

Receivables at June 30, 2016, consisted of property taxes, accrued interest, 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 year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$510,247 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

|   | <u>Amounts</u>          |
|---|-------------------------|
| <b>Governmental Activities:</b>               |                         |
| Adult Basic Literacy Education                | \$62,477                |
| Carl Perkins                                  | 155,171                 |
| Pell  | 7,800                   |
| Rural Education Assistance                    | 8,113                   |
| National School Lunch Equipment<br>Foundation | <u>6,640</u><br>257     |
| Total Governmental Activities                 | <u>240,458</u>          |
| <b>Business-Type Activities:</b>              |                         |
| WIA   | 25,210                  |
| TANF  | <u>42,688</u>           |
| Total Business-Type Activities                | <u>67,898</u>           |
| Total   | <u><u>\$308,356</u></u> |

**Note 11 - Capital Assets**

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

|   | <u>Balance<br/>6/30/2015</u> | <u>Additions</u>   | <u>Deductions</u> | <u>Balance<br/>6/30/2016</u> |
|---|------------------------------|--------------------|-------------------|------------------------------|
| <b>Governmental Activities:</b>             |                              |                    |                   |                              |
| Capital Assets:                             |                              |                    |                   |                              |
| Capital Assets not being depreciated:       |                              |                    |                   |                              |
| Land  | \$110,702                    | \$0                | \$0               | \$110,702                    |
| Depreciable Capital Assets:                 |                              |                    |                   |                              |
| Buildings and Improvements                  | 23,049,187                   | 10,836             | 0                 | 23,060,023                   |
| Furniture and Equipment                     | 2,519,852                    | 97,958             | (28,000)          | 2,589,810                    |
| Vehicles                                    | 371,140                      | 81,960             | 0                 | 453,100                      |
| Textbooks                                   | 105,839                      | 0                  | 0                 | 105,839                      |
| Total Capital Assets being Depreciated      | <u>26,046,018</u>            | <u>190,754</u>     | <u>(28,000)</u>   | <u>26,208,772</u>            |
| Less Accumulated Depreciation               |                              |                    |                   |                              |
| Buildings and Improvements                  | (5,701,897)                  | (473,711)          | 0                 | (6,175,608)                  |
| Furniture and Equipment                     | (1,681,529)                  | (172,451)          | 28,000            | (1,825,980)                  |
| Vehicles                                    | (252,412)                    | (29,528)           | 0                 | (281,940)                    |
| Textbooks                                   | (105,839)                    | 0                  | 0                 | (105,839)                    |
| Total Accumulated Depreciation              | <u>(7,741,677)</u>           | <u>(675,690) *</u> | <u>28,000</u>     | <u>(8,389,367)</u>           |
| Total Capital Assets being Depreciated, Net | <u>18,304,341</u>            | <u>(484,936)</u>   | <u>0</u>          | <u>17,819,405</u>            |
| Governmental Activities Capital Assets, Net | <u>\$18,415,043</u>          | <u>(\$484,936)</u> | <u>\$0</u>        | <u>\$17,930,107</u>          |

\* Depreciation expense was charged to governmental functions as follows:

|                                    |                  |
|------------------------------------|------------------|
| Instruction:                       |                  |
| Special                            | \$56,151         |
| Vocational                         | 401,910          |
| Adult/Continuing                   | 34,152           |
| Support Services:                  |                  |
| Pupils                             | 33,029           |
| Instructional Staff                | 25,903           |
| Administration                     | 21,354           |
| Fiscal                             | 13,367           |
| Business                           | 8,881            |
| Operation and Maintenance of Plant | 60,710           |
| Transportation                     | 5,019            |
| Central                            | 3,706            |
| Food Service                       | 11,508           |
| Total Depreciation Expense         | <u>\$675,690</u> |

|  | <u>Balance<br/>6/30/2015</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance<br/>6/30/2016</u> |
|--|------------------------------|------------------|-------------------|------------------------------|
| <b>Business-Type Activity:</b>             |                              |                  |                   |                              |
| Capital Assets:                            |                              |                  |                   |                              |
| Furniture and Equipment                    | \$247,019                    | \$4,393          | (\$3,000)         | \$248,412                    |
| Less Accumulated Depreciation              |                              |                  |                   |                              |
| Furniture and Equipment                    | (175,445)                    | (13,503)         | 3,000             | (185,948)                    |
| Business-Type Activity Capital Assets, Net | <u>\$71,574</u>              | <u>(\$9,110)</u> | <u>\$0</u>        | <u>\$62,464</u>              |

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

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**Note 12 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with OSP and its premium is based on types of coverage, limits of coverage, and deductibles each District selects. The School District pays this annual premium to the OSP (See Note 18). The types and amounts of coverage provided by the OSP are as follows:

| Property   | Deductible | Limits of Coverage |
|--|------------|--------------------|
| Building and Contents - Replacement Cost             | \$1,000    | \$39,154,197       |
| General Liability:                                   |            |                    |
| Each Occurrence                                      |            | 5,000,000          |
| Aggregate Limit                                      |            | 7,000,000          |
| Sexual Abuse   |            | 5,000,000          |
| Products - Completed Operations Aggregate Limit      |            | 5,000,000          |
| Personal and Advertising Injury Limit - Each Offense |            | 5,000,000          |
| Errors and Omissions:                                |            |                    |
| Each Occurrence                                      | 2,500      | 5,000,000          |
| Aggregate Limit                                      |            | 7,000,000          |
| Employers' Liability- Stop Gap:                      |            |                    |
| Each Accident  |            | 5,000,000          |
| By Disease   |            | 5,000,000          |
| Fiduciary Liability:                                 |            |                    |
| Each Fiduciary Claim Limit                           | 2,500      | 5,000,000          |
| Aggregate Limit                                      |            | 7,000,000          |
| Vehicles:  |            |                    |
| Bodily Injury:                                       |            |                    |
| Liability  | 1,000      | 5,000,000          |
| Uninsured Motorist                                   |            | 1,000,000          |

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

***B. Workers' Compensation***

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

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**C. Medical Expense Reimbursement Plan**

The School District has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the School District’s health plan) for the portion of their and their dependent’s health claims. The Max 105 program is a combination of benefits that are provided by the School District, United Healthcare, and Patrick Benefits Administrators. The School District’s health plan with United Healthcare covers the employees’ major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with United Healthcare and the employees’ personal deductible.

The purpose of the Max 105 program is to reimburse employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the School District and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee’s deductible amount has been reached, but before the employer’s health plan deductible with United Healthcare has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer’s health plan annual deductible amount with United Healthcare.

Changes in claims activity for the current and preceding fiscal years are as follows:

|      | <u>Balance at Beginning<br/>of Year</u> | <u>Current Year<br/>Claims</u> | <u>Claims<br/>Payments</u> | <u>Balance at End<br/>of Year</u> |
|------|---|--------------------------------|----------------------------|-----------------------------------|
| 2015 | \$25,196                                | \$110,720                      | \$112,403                  | \$23,513                          |
| 2016 | 23,513                                  | 96,191                         | 96,566                     | 23,138                            |

**Note 13 - Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. 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. Sick leave may be accumulated up to 240 days (260 days for 12 month employees). Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 60 days for all employees. In addition, teachers and other certified employees are given one additional day for each five years of service from fifteen (15) to thirty-five (35) years, and classified employees are given one additional day for each five years of service from fifteen (15) to thirty-five (35) years.

**B. Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through United Healthcare in the amount of \$40,000.

## Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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The School District contracts with United Health Care for hospitalization and major medical insurance for all full-time employees. The School District pays monthly premiums of \$1,606.68 for family coverage, \$1,178.23 for employee/spouse coverage, \$964.01 for employee/child coverage, and \$535.56 for individual coverage. This coverage includes prescription drug insurance for the employees, utilizing a retail prescription deductible of \$10 for formulary generic, \$35 for formulary brand, and \$70 for non-formulary. A mail order deductible of \$25 for formulary generic, \$87.50 for formulary brand, and \$175 for non-formulary is also available.

### **Note 14 - Defined Benefit Pension Plans**

#### ***A. Net Pension Liability***

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

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

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

#### ***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$145,277 for fiscal year 2016. Of this amount, \$13,773 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or

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*Notes to the Basic Financial Statements  
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30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$740,300 for fiscal year 2016. Of this amount \$82,755 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension

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plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

|   | <u>SERS</u>        | <u>STRS</u>        |              |
|---|--------------------|--------------------|--------------|
| Proportion of the Net Pension Liability |                    |                    |              |
| Prior Measurement Date                  | 0.03190500%        | 0.04179130%        |              |
| Proportion of the Net Pension Liability |                    |                    |              |
| Current Measurement Date                | <u>0.03263960%</u> | <u>0.04193778%</u> |              |
| Change in Proportionate Share           | <u>0.00073460%</u> | <u>0.00014648%</u> |              |
|   |                    |                    | <u>Total</u> |
| Proportionate Share of the Net          |                    |                    |              |
| Pension Liability                       | \$1,862,448        | \$11,590,376       | \$13,452,824 |
| Pension Expense                         | \$129,063          | \$535,489          | \$664,552    |

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

|  | <u>SERS</u>      | <u>STRS</u>        | <u>Total</u>       |
|--|------------------|--------------------|--------------------|
| <b>Deferred Outflows of Resources</b>  |                  |                    |                    |
| Differences between expected and actual experience   | \$29,989         | \$528,375          | \$558,364          |
| Changes in proportionate Share and difference between School District contributions and proportionate share of contributions | 9,277            | 130,181            | 139,458            |
| School District contributions subsequent to the measurement date   | <u>145,277</u>   | <u>740,300</u>     | <u>885,577</u>     |
| Total Deferred Outflows of Resources   | <u>\$184,543</u> | <u>\$1,398,856</u> | <u>\$1,583,399</u> |
| <b>Deferred Inflows of Resources</b>   |                  |                    |                    |
| Net difference between projected and actual earnings on pension plan investments   | \$61,709         | \$833,567          | \$895,276          |
| Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions | <u>(25,186)</u>  | <u>96,425</u>      | <u>71,239</u>      |
| Total Deferred Inflows of Resources  | <u>\$36,523</u>  | <u>\$929,992</u>   | <u>\$966,515</u>   |

\$885,577 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

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|                             | SERS       | STRS        | Total       |
|-----------------------------|------------|-------------|-------------|
| Fiscal Year Ending June 30: |            |             |             |
| 2017                        | (\$11,400) | (\$179,670) | (\$191,070) |
| 2018                        | (11,400)   | (179,670)   | (191,070)   |
| 2019                        | (11,542)   | (179,670)   | (191,212)   |
| 2020                        | 37,085     | 267,574     | 304,659     |
| Total                       | \$2,743    | (\$271,436) | (\$268,693) |

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

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

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

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

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

|   | 1% Decrease<br>6.75% | Current<br>Discount Rate<br>7.75% | 1% Increase<br>8.75% |
|---|----------------------|-----------------------------------|----------------------|
| School District's proportionate share<br>of the net pension liability | \$2,582,545          | \$1,862,448                       | \$1,256,065          |

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>10 Year Expected Nominal 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   | <u>1.00</u>              | 3.00   |
| Total                | <u>100.00 %</u>          |  |

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$16,099,906           | \$11,590,376                        | \$7,776,895            |

***B. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2016, two members of the Board of Education elected Social Security. The Board of Education's liability is 6.2 percent of wages paid.

**Note 15 - Postemployment Benefits**

***A. School Employee Retirement System***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$16,835.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014, were \$0, \$8,236, and \$17,492, respectively. The full amount has been contributed for all three fiscal years.

***B. State Teachers Retirement System***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014, were \$0, \$0, and \$45,121 respectively. The full amount has been contributed for all three fiscal years.

**Note 16 - Long-Term Obligations**

The changes in the School District's long-term obligations during the fiscal year consist of the following:

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

|  | Principal<br>Outstanding<br>6/30/15 | Additions   | Deductions | Principal<br>Outstanding<br>6/30/16 | Amounts<br>Due in<br>One Year |
|--|-------------------------------------|-------------|------------|-------------------------------------|-------------------------------|
| <b>Governmental Activities:</b>              |                                     |             |            |                                     |                               |
| 2008 Qualified Zone Academy<br>Bonds - 2.31% | \$1,632,000                         | \$0         | \$204,000  | \$1,428,000                         | \$204,000                     |
| Net Pension Liability:                       |                                     |             |            |                                     |                               |
| STRS   | 8,247,809                           | 1,303,977   | 0          | 9,551,786                           | 0                             |
| SERS   | 1,485,987                           | 219,598     | 0          | 1,705,585                           | 0                             |
| Total Net Pension Liability                  | 9,733,796                           | 1,523,575   | 0          | 11,257,371                          | 0                             |
| Sick Leave Benefits Payable                  | 491,439                             | 35,031      | 56,295     | 470,175                             | 12,327                        |
| Total Governmental Activities                | \$11,857,235                        | \$1,558,606 | \$260,295  | \$13,155,546                        | \$216,327                     |
| <b>Business-Type Activities:</b>             |                                     |             |            |                                     |                               |
| Net Pension Liability                        |                                     |             |            |                                     |                               |
| STRS   | \$1,899,727                         | \$138,863   | \$0        | \$2,038,590                         | \$0                           |
| SERS   | 128,707                             | 28,156      | 0          | 156,863                             | 0                             |
| Total Net Pension Liability                  | 2,028,434                           | 167,019     | 0          | 2,195,453                           | 0                             |
| Sick Leave Benefits Payable                  | 24,725                              | 1,318       | 0          | 26,043                              | 0                             |
| Total Business-Type Activities               | \$2,053,159                         | \$168,337   | \$0        | \$2,221,496                         | \$0                           |

On March 1, 2008, the School District issued \$3,060,000 of qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for use as the School District's locally funded portion in upgrading existing facilities through the Ohio Schools Facilities Commission. The QZAB matures in 2023. The QZAB was issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio Valley Bank Company, and then subleased back to the School District. The QZAB was issued through a series of annual leases with an initial lease term of fifteen years which includes the right to renew for fifteen successive one-year leases through March 1, 2023, subject to annual appropriations. To satisfy trustee requirements, the School District is required to make annual base rent payments, subject to lease terms and appropriations. Annual base rent requirements to retire the Qualified Zone Academy Bonds outstanding at June 30, 2016, are as follows:

| Fiscal Year<br>Ending June 30, | Principal          | Interest         |
|--------------------------------|--------------------|------------------|
| 2017                           | \$204,000          | \$33,130         |
| 2018                           | 204,000            | 28,397           |
| 2019                           | 204,000            | 23,664           |
| 2020                           | 204,000            | 18,931           |
| 2021                           | 204,000            | 14,198           |
| 2022-2023                      | 408,000            | 14,198           |
|                                | <u>\$1,428,000</u> | <u>\$132,518</u> |

## **Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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Sick leave benefits will be paid from the General Fund; the Food Service, Special Education Consortium, and Perkins Grant Special Revenue Funds; and the Adult Education Enterprise Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Note 14.

The School District's overall legal debt margin was \$133,819,849, with an unvoted debt margin of \$13,381,985 at June 30, 2016.

### **Note 17 - Jointly Governed Organizations**

#### ***A. Metropolitan Educational Technology Association (META)***

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2016, the School District paid \$69,964 for services with META/MEC/SEOVEC. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

#### ***B. Coalition of Rural and Appalachian Schools***

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children 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 on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2016, the School District made a payment of \$325 for a membership fee. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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**Note 18 - Insurance Purchasing Pools**

***A. Ohio School Plan***

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and is authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint-insurance purchasing program to maintain adequate insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between the OSP and member school districts.

***B. Ohio School Boards Association Workers' Compensation Group Rating Plan***

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

**Note 19 - Contingencies**

***A. Grants***

The School District received 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2016.

***B. Litigation***

The School District is currently not party to any legal proceedings.

***C. School Foundation***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Career Center, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the school district; therefore, the financial

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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statement impact is not determinable at this time. ODE and management believe this may result in either a receivable to or a liability of the School District.

**Note 20 - Set-Asides**

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory.

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

|  | <u>Capital<br/>Improvements</u> |
|--|---------------------------------|
| Set-Aside Reserve Balance as of<br>as of June 30, 2015 | \$0                             |
| Current Year Set-Aside Requirement                     | 106,942                         |
| Qualifying Expenditures                                | <u>(488,224)</u>                |
| Totals   | <u><u>(\$381,282)</u></u>       |

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

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**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Three Fiscal Years (1)\**

|  | 2016        | 2015        | 2014        |
|--|-------------|-------------|-------------|
| School District's Proportion of the Net Pension Liability  | 0.0326396%  | 0.031905%   | 0.031905%   |
| School District's Proportionate Share of the Net Pension Liability   | \$1,862,448 | \$1,614,695 | \$1,897,289 |
| School District's Covered-Employee Payroll   | \$1,004,385 | \$925,729   | \$1,172,809 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 185.43%     | 174.42%     | 161.77%     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 69.16%      | 71.70%      | 65.52%      |

(1) Information prior to 2014 is not available.

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

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Three Fiscal Years (1) \**

|  | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|
| School District's Proportion of the Net Pension Liability  | 0.04193778%  | 0.04171913%  | 0.04171913%  |
| School District's Proportionate Share of the Net Pension Liability   | \$11,590,376 | \$10,147,536 | \$12,087,679 |
| School District's Covered-Employee Payroll   | \$3,841,071  | \$4,178,854  | \$4,925,569  |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 301.75%      | 242.83%      | 245.41%      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 72.10%       | 74.70%       | 69.30%       |

(1) Information prior to 2014 is not available.

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

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**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Required Supplementary Information  
Schedule of the School District Contributions  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years*

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|   | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      |
|---|------------------|------------------|------------------|------------------|
| Contractually Required Contribution                                     | \$145,277        | \$132,378        | \$128,306        | \$162,317        |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(145,277)</u> | <u>(132,378)</u> | <u>(128,306)</u> | <u>(162,317)</u> |
| Contribution Deficiency (Excess)  | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       |
| School District Covered-Employee Payroll                                | \$1,037,693      | \$1,004,385      | \$925,729        | \$1,172,809      |
| Contributions as a Percentage of<br>Covered-Employee Payroll            | 14.00%           | 13.18%           | 13.86%           | 13.84%           |

| <u>2012</u>      | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      | <u>2007</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$148,646        | \$144,874        | \$180,278        | \$126,984        | \$100,368        | \$117,825        |
| <u>(148,646)</u> | <u>(144,874)</u> | <u>(180,278)</u> | <u>(126,984)</u> | <u>(100,368)</u> | <u>(117,825)</u> |
| <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       |
| \$1,105,173      | \$1,152,540      | \$1,331,448      | \$1,290,484      | \$1,022,074      | \$1,103,230      |
| 13.45%           | 12.57%           | 13.54%           | 9.84%            | 9.82%            | 10.68%           |

**Gallia-Jackson-Vinton Joint Vocational School District, Ohio**

*Required Supplementary Information  
Schedule of the School District Contributions  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years*

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|   | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      |
|---|------------------|------------------|------------------|------------------|
| Contractually Required Contribution                                     | \$740,300        | \$537,750        | \$543,251        | \$640,234        |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(740,300)</u> | <u>(537,750)</u> | <u>(543,251)</u> | <u>(640,234)</u> |
| Contribution Deficiency (Excess)  | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       | <u>\$0</u>       |
| School District Covered-Employee Payroll                                | \$5,287,857      | \$3,841,071      | \$4,178,854      | \$4,925,569      |
| Contributions as a Percentage of<br>Covered-Employee Payroll            | 14.00%           | 14.00%           | 13.00%           | 13.00%           |

| 2012        | 2011        | 2010        | 2009        | 2008        | 2007        |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$660,440   | \$684,041   | \$677,642   | \$726,857   | \$623,077   | \$680,527   |
| (660,440)   | (684,041)   | (677,642)   | (726,857)   | (623,077)   | (680,527)   |
| \$0         | \$0         | \$0         | \$0         | \$0         | \$0         |
| \$5,080,308 | \$5,261,646 | \$5,212,631 | \$5,591,208 | \$4,792,900 | \$5,234,823 |
| 13.00%      | 13.00%      | 13.00%      | 13.00%      | 13.00%      | 13.00%      |

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GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| FEDERAL GRANTOR<br><i>Pass Through Grantor</i><br>Program / Cluster Title | Federal<br>CFDA<br>Number | Grant<br>Year | Receipts                  | Expenditures              |
|---|---------------------------|---------------|---------------------------|---------------------------|
| <b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>                              |                           |               |                           |                           |
| <i>Passed Through Ohio Department of Education:</i>                       |                           |               |                           |                           |
| Child Nutrition Cluster   |                           |               |                           |                           |
| Non-Cash Assistance (Food Distribution):                                  |                           |               |                           |                           |
| National School Lunch Program   | 10.555                    | 2016          | \$21,219                  | \$18,486                  |
| Cash Assistance:  |                           |               |                           |                           |
| School Breakfast Program  | 10.553                    | 2016          | 116,934                   | 116,934                   |
| National School Lunch   | 10.555                    | 2016          | 179,789                   | 179,789                   |
| Cash Assistance Subtotal  |                           |               | <u>296,723</u>            | <u>296,723</u>            |
| Total Child Nutrition Cluster   |                           |               | 317,942                   | 315,209                   |
| Child Nutrition Discretionary Grants Limited Availability                 | 10.579                    | 2016          | 0                         | 6,640                     |
| Total U.S. Department of Agriculture                                      |                           |               | 317,942                   | 321,849                   |
| <b><u>U.S. DEPARTMENT OF EDUCATION</u></b>                                |                           |               |                           |                           |
| <i>Direct from Federal Government:</i>                                    |                           |               |                           |                           |
| Student Financial Aid Cluster:  |                           |               |                           |                           |
| Federal Pell Grant Program  | 84.063                    | 2015/2016     | 391,992                   | 399,792                   |
| Direct Loans  | 84.268                    | 2015/2016     | 294,537                   | 309,497                   |
| Total Student Financial Aid Cluster                                       |                           |               | <u>686,529</u>            | <u>709,289</u>            |
| Rural Education   | 84.358A                   | 2014<br>2015  | 4,507<br><u>50,394</u>    | 3,015<br><u>50,394</u>    |
| Total Rural Education   |                           |               | 54,901                    | 53,409                    |
| <i>Passed Through Ohio Department of Education:</i>                       |                           |               |                           |                           |
| Adult Education - Basic Grants to States                                  |                           |               |                           |                           |
| Instructional Grant   | 84.002                    | 2015<br>2016  | 27,074<br><u>157,493</u>  | 4,401<br><u>194,024</u>   |
| Total Adult Education - Basic Grants to States                            |                           |               | 184,567                   | 198,425                   |
| Career and Technical Education - Basic Grants to States - Secondary       | 84.048                    | 2015<br>2016  | 74,076<br>126,857         | 9,642<br>237,147          |
| Career and Technical Education - Basic Grants to States - Adult           | 84.048                    | 2015<br>2016  | 51,728<br><u>67,249</u>   | 25,360<br><u>83,363</u>   |
|   |                           |               | 319,910                   | 355,512                   |
| Improving Teacher Quality State Grants                                    | 84.367                    | 2015<br>2016  | 2,986<br><u>1,114</u>     | 0<br><u>1,438</u>         |
| Total Improving Teacher Quality State Grants                              |                           |               | 4,100                     | 1,438                     |
| Total U.S. Department of Education  |                           |               | <u>1,250,007</u>          | <u>1,318,073</u>          |
| <b>Total Receipts and Expenditures of Federal Awards</b>                  |                           |               | <b><u>\$1,567,949</u></b> | <b><u>\$1,639,922</u></b> |

*The accompanying notes are an integral part of this schedule.*

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR PART 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Gallia-Jackson-Vinton Joint Vocational School District (the District's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Receipts and expenditures reported on the Schedule are reported on the cash basis of accounting. Such receipts and expenditures are recognized following either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of receipts and expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Gallia-Jackson-Vinton Joint Vocational School District  
Gallia County  
P.O. Box 157  
Rio Grande, Ohio 45674

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 29, 2016.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 29, 2016



# Dave Yost • Auditor of State

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

Gallia-Jackson-Vinton Joint Vocational School District  
Gallia County  
P.O. Box 157  
Rio Grande, Ohio 45674

To the Board of Education::

### ***Report on Compliance for [the Major Federal Program]***

We have audited the Gallia-Jackson-Vinton Joint Vocational School District's, Gallia County, Ohio (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Gallia-Jackson-Vinton Joint Vocational School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on the Major Federal Program***

In our opinion, the Gallia-Jackson-Vinton Joint Vocational School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

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**Report on Internal Control Over Compliance**

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

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

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 29, 2016

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
JUNE 30, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |  |  |
|---------------------|--|--|
| <i>(d)(1)(i)</i>    | <b>Type of Financial Statement Opinion</b>   | Unmodified                                 |
| <i>(d)(1)(ii)</i>   | <b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>                           | No   |
| <i>(d)(1)(ii)</i>   | <b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>                      | No   |
| <i>(d)(1)(iii)</i>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>   | No   |
| <i>(d)(1)(iv)</i>   | <b>Were there any material weaknesses in internal control reported for major federal programs?</b>   | No   |
| <i>(d)(1)(iv)</i>   | <b>Were there any significant deficiencies in internal control reported for major federal programs?</b>                                    | No   |
| <i>(d)(1)(v)</i>    | <b>Type of Major Programs' Compliance Opinion</b>  | Unmodified                                 |
| <i>(d)(1)(vi)</i>   | <b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>   | No   |
| <i>(d)(1)(vii)</i>  | <b>Major Program (list):</b><br><ul style="list-style-type: none"> <li>• Student Financial Aid Cluster CFDA #84.063 and #84.268</li> </ul> |  |
| <i>(d)(1)(viii)</i> | <b>Dollar Threshold: Type A\B Programs</b>   | Type A: > \$ 750,000<br>Type B: all others |
| <i>(d)(1)(ix)</i>   | <b>Low Risk Auditee under 2 CFR §200.520?</b>  | Yes  |

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**GALLIA-JACKSON-VINTON VOCATIONAL SCHOOL DISTRICT**

**GALLIA 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  
JANUARY 17, 2017**