TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2016

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Straight A Grant funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* 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 basic financial statements taken as a whole.

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

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 the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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.

Dave Yost
Auditor of State
Columbus, Ohio

December 13, 2016

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The discussion and analysis of Tri-Rivers Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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 enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2016 are as follows:

> Net position for governmental activities decreased $3,430,398 from the prior fiscal year, primarily related to the School District's participation in the Straight "A" grant program. Net position for business-type activities decreased $263,904, or approximately 11 percent.
>
> General revenues were $9,122,591, or 79 percent (34 percent in fiscal year 2015) of all governmental activities revenues. While this proportionate amount of general revenues is significantly more than the prior fiscal year, the share of general revenue support is skewed due to the significant resources received in fiscal year 2015 from the Straight "A" grant (over $10 million).
>
> For business-type activities, 99 percent of total revenues were generated by the programs, most of which was in the form of charges for services.

Using the Basic Financial Statements

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

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

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

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2016. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

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

> Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, non-instructional services, extracurricular activities, and intergovernmental programs. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.
>
> Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Adult Education, Food Service, and Rotary (vocational programs) funds are reported as business-type activities.

Reporting the School District's Most Significant Funds

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

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

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

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

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2016 and fiscal year 2015:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	$8,055,595	$14,111,493	($144,038)	$150,179	$7,911,557	$14,261,672
Capital Assets, Net	9,348,950	8,866,631	527,668	555,987	9,876,618	9,422,618
Total Assets	17,404,545	22,978,124	383,630	706,166	17,788,175	23,684,290
Deferred Outflows of Resources						
Pension	1,582,493	707,379	342,743	187,405	1,925,236	894,784
Liabilities						
Current and Other Liabilities	669,310	2,619,466	133,720	120,718	803,030	2,740,184
Long-Term Liabilities						
Pension	11,273,170	9,836,916	2,742,034	2,668,030	14,015,204	12,504,946
Other Amounts	1,943,812	2,198,742	44,749	45,898	1,988,561	2,244,640
Total Liabilities	13,886,292	14,655,124	2,920,503	2,834,646	16,806,795	17,489,770
Deferred Inflows of Resources						
Pension	1,175,047	1,788,566	498,034	487,185	1,673,081	2,275,751
Other Amounts	2,564,362	2,450,078	0	0	2,564,362	2,450,078
Total Deferred Inflows of Resources	3,739,409	4,238,644	498,034	487,185	4,237,443	4,725,829
Net Position						
Net Investment in Capital Assets	7,753,755	6,945,370	527,668	554,144	8,281,423	7,499,514
Restricted	55,010	4,880,066	0	0	55,010	4,880,066
Unrestricted (Deficit)	(6,447,428)	(7,033,701)	(3,219,832)	(2,982,404)	(9,667,260)	(10,016,105)
Total Net Position	$1,361,337	$4,791,735	($2,692,164)	($2,428,260)	($1,330,827)	2,363,475

The net pension liability is the largest single liability reported by the School District at June 30, 2016, and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB Statement No. 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service 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 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. vacation and sick 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 School District. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the 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 outflows/inflows.

Aside from the changes related to pension, there were a number of other significant changes from the prior fiscal year as noted in the above table. For governmental activities, there was a 72 percent decrease in net position. The decrease in current and other assets of over $6 million is due to a decrease in the intergovernmental receivable. In fiscal year 2015, the School District became the lead applicant for the Straight A Grant. The total grant award was nearly $15 million for robotics equipment and renovations necessary to accommodate the new RAMTEC program. Of this allocation, approximately 25 percent was designated for Tri-Rivers Joint Vocational School District with the remaining amounts to be distributed to, or to pay for expenses of, other participating school districts. In the prior fiscal year, the Straight A Grant activity resulted in an intergovernmental receivable of over $6 million. The decrease in current and other liabilities is also related to the Straight A Grant. In the prior fiscal year, there was almost $1.8 million due to other participants of the grant program. The decrease in other long-term liabilities generally represents the retirement of debt. The increase in net capital assets and the investment in capital assets reflects cash acquisitions of capital assets.

The decrease in current and other assets and unrestricted net position for business-type activities is the result of the increase of the internal balance due to governmental activities for a loan made to meet cash flow requirements.

Table 2 reflects the change in net position for fiscal year 2016 and fiscal year 2015.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	$816,413	$180,122	$1,795,367	$1,753,625	$2,611,780	$1,933,747
Operating Grants and Contributions	1,654,340	17,003,616	330,769	335,503	1,985,109	17,339,119
Total Program Revenues	2,470,753	17,183,738	2,126,136	2,089,128	4,596,889	19,272,866
General Revenues						
Property Taxes	3,952,877	3,973,203	0	0	3,952,877	3,973,203
Payment in Lieu of Taxes	0	10,500	0	0	0	10,500
Grants and Entitlements not Restricted to Specific Programs	5,134,923	4,869,034	0	0	5,134,923	4,869,034
Interest	1,243	644	0	0	1,243	644
Other	33,548	174,052	13,259	52,310	46,807	226,362
Total General Revenues	9,122,591	9,027,433	13,259	52,310	9,135,850	9,079,743
Total Revenues	11,593,344	26,211,171	2,139,395	2,141,438	13,732,739	28,352,609
Expenses						
Instruction:						
Regular	219,240	236,461	0	0	219,240	236,461
Special	378,711	470,108	0	0	378,711	470,108
Vocational	5,552,282	7,479,324	0	0	5,552,282	7,479,324
Adult/Continuing	173,996	169,987	0	0	173,996	169,987

(continued)

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Expenses (continued)						
Support Services:						
Pupils	$564,444	$576,921	$0	$0	$564,444	$576,921
Instructional Staff	277,561	286,141	0	0	277,561	286,141
Board of Education	147,627	92,643	0	0	147,627	92,643
Administration	870,364	880,859	0	0	870,364	880,859
Fiscal	402,563	363,660	0	0	402,563	363,660
Business	65,361	107,885	0	0	65,361	107,885
Operation of Maintenance of Plant	1,425,608	946,306	0	0	1,425,608	946,306
Pupil Transportation	16,338	17,934	0	0	16,338	17,934
Central	645,238	389,343	0	0	645,238	389,343
Non-Instructional Services	5,387	3,950	0	0	5,387	3,950
Extracurricular Activities	37,967	39,382	0	0	37,967	39,382
Intergovernmental	4,201,755	7,127,813	0	0	4,201,755	7,127,813
Interest and Fiscal Charges	51,980	65,519	0	0	51,980	65,519
Adult Education	0	0	2,046,962	1,944,798	2,046,962	1,944,798
Food Service	0	0	249,605	241,204	249,605	241,204
Rotary	0	0	94,052	128,861	94,052	128,861
Total Expenses	15,036,422	19,254,236	2,390,619	2,314,863	17,427,041	21,569,099
Increase (Decrease) in Net Position Before Transfers	(3,443,078)	6,956,935	(251,224)	(173,425)	(3,694,302)	6,783,510
Transfers	12,680	(369,072)	(12,680)	369,072	0	0
Increase (Decrease) in Net Position	(3,430,398)	6,587,863	(263,904)	195,647	(3,694,302)	6,783,510
Net Position (Deficit) at Beginning of Year	4,791,735	(1,796,128)	(2,428,260)	(2,623,907)	2,363,475	(4,420,035)
Net Position (Deficit) at End of Year	$1,361,337	$4,791,735	($2,692,164)	($2,428,260)	($1,330,827)	$2,363,475

For governmental activities, total revenues decreased over $14.6 million from the prior fiscal year. For program revenues, the increase in charges for services is due to the School District providing technology services to other school districts. The decrease in operating grants and contributions is related to the Straight A grant. The change for general revenues was not significant (an increase of 1 percent).

Governmental activities expenses decreased $4.2 million with most of this also related to the Straight A grant (primarily vocational and intergovernmental expenses). While the major program expense for governmental activities will always be for instruction, only 42 percent of all governmental expenses were for instruction in fiscal year 2016 (a decrease of 1 percent from the prior fiscal year). Again, amounts for both fiscal years 2015 and 2016 appear skewed due to the expenses associated with the Straight A grant.

For business-type activities, there was not a significant change in total revenues. Total expenses increased slightly (3 percent) and largely due to growth in the adult education program.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction:				
Regular	$219,240	$236,461	$219,240	$236,461
Special	378,711	470,108	110,931	5,518
Vocational	5,552,282	7,479,324	3,513,175	2,125,718
Adult/Continuing	173,996	169,987	10,130	49,781
Support Services:				
Pupils	564,444	576,921	564,444	576,921
Instructional Staff	277,561	286,141	277,561	286,141
Board of Education	147,627	92,643	147,627	92,643
Administration	870,364	880,859	870,364	880,859
Fiscal	402,563	363,660	402,563	363,660
Business	65,361	107,885	65,361	107,885
Operation and Maintenance of Plant	1,425,608	946,306	1,425,608	946,306
Pupil Transportation	16,338	17,934	16,338	17,934
Central	645,238	389,343	645,238	389,343
Non-Instructional Services	5,387	3,950	5,387	3,950
Extracurricular Activities	37,967	39,382	37,967	39,382
Intergovernmental	4,201,755	7,127,813	4,201,755	(4,117,523)
Interest and Fiscal Charges	51,980	65,519	51,980	65,519
Total Expenses	$15,036,422	$19,254,236	$12,565,669	$2,070,498

A review of the above table illustrates that there was an increase in the portion of program costs (approximately 84 percent for fiscal year 2016 and 11 percent for fiscal year 2015) were provided for through general revenues (property taxes and unrestricted state entitlements). Note, however, that the significance of the Straight A grant activity (mentioned above) has dramatically skewed the net cost of services for fiscal year 2015. While this activity has caused percentage-based comparisons to the prior fiscal year to be irrelevant, the net cost of other programs not affected by the Straight "A" Grant are in-line with the prior fiscal year.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Fund balance in the General Fund increased over 14 percent from the prior fiscal year despite a modest increase in revenues (2 percent) and larger increase in expenditures (over 10 percent). However, the General Fund transferred fewer resources to subsidize other funds (approximately $362,000 less).

The Straight A Grant special revenue fund was created in fiscal year 2015 to account for State grant monies received to purchase equipment and to cover a portion of the costs related to renovations necessary to facilitate the RAMTEC program. The fund had a $0 fund balance at fiscal year end.

The School District's enterprise funds are accounted for using the accrual basis of accounting. The only major enterprise fund is the Adult Education fund. The fund continues to operate in a deficit, a large portion of which is due to the recognition of the net pension liability.

Budgetary Highlights

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

During fiscal year 2016, the School District amended its General Fund budget as needed. For revenues, there was not a significant change from the original to final budget. Actual revenues were $1.2 million more than budget amounts primarily due to budgeting conservatively for property tax and State support revenues. There was also little change from the original budget to the final budget for expenditures. Actual expenditures were substantially less than budget amounts, again, due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the School District had $9,348,950 invested in capital assets (net of accumulated depreciation) for governmental activities. Additions were primarily the purchase of robotics equipment for the RAMTEC lab. Disposals were not significant.

The business-type activities had a $527,668 invested in capital assets (net of accumulated depreciation). Additions and disposals were not significant.

For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2016, the School District's outstanding debt consisted of loans and notes, in the amount of $358,125 and $1,279,030, respectively, and capital leases, in the amount of $8,492, for governmental activities.

In addition to the debt outlined above, the School District's long-term obligations also include compensated absences and the net pension liability. For further information regarding the School District's long-term obligations, refer to Notes 16 and 17 to the basic financial statements.

Current Issues

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

In June 1978, the School District passed a 2.1 mill continuing levy that generates approximately $1.8 million. In November 2011, the School District renewed a 1.3 mill five-year operating levy that generates approximately $1,350,000 annually. In May 2014, the School District renewed a 1 mill operating levy that generates approximately $850,000 annually. This levy had previously been a five-year levy but was approved as a continuing levy.

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

State foundation monies continue to be uncertain as well as student enrollment. The School District strives to reduce costs at every possible opportunity as well as reviewing current and new programs to increase student enrollment.

In June 2016, the Board of Education and the teachers union negotiated a new three-year contract. The contract covers fiscal years 2017 through 2020. Salary increases are 1.55 percent, 2 percent, and 2 percent, respectively.

Contacting the School District's Financial Management

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

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Tri-Rivers Joint Vocational School District
Statement of Net Positon
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	$3,411,351	$135,376	$3,546,727
Accounts Receivable	11,481	36,505	47,986
Intergovernmental Receivable	0	16,820	16,820
Due from External Parties	5,709	0	5,709
Internal Balances	334,041	(334,041)	0
Inventory Held for Resale	0	699	699
Materials and Supplies Inventory	63,520	603	64,123
Property Taxes Receivable	4,229,493	0	4,229,493
Nondepreciable Capital Assets	241,082	0	241,082
Depreciable Capital Assets, Net	9,107,868	527,668	9,635,536
Total Assets	17,404,545	383,630	17,788,175
Deferred Outflows of Resources:			
Pension	1,582,493	342,743	1,925,236
Liabilities:			
Accounts Payable	38,549	14,983	53,532
Contracts Payable	38,300	0	38,300
Accrued Wages and Benefits Payable	469,449	82,482	551,931
Matured Compensated Absences Payable	6,526	0	6,526
Intergovernmental Payable	96,473	36,255	132,728
Special Termination Benefits Payable	16,500	0	16,500
Accrued Interest Payable	3,513	0	3,513
Long-Term Liabilities			
Due Within One Year	348,741	2,828	351,569
Due in More Than One Year			
Net Pension Liability	11,273,170	2,742,034	14,015,204
Other Amounts	1,595,071	41,921	1,636,992
Total Liabilities	13,886,292	2,920,503	16,806,795
Deferred Inflows of Resources:			
Property Taxes	2,564,362	0	2,564,362
Pension	1,175,047	498,034	1,673,081
Total Deferred Inflows of Resources	3,739,409	498,034	4,237,443
Net Position:			
Net Investment in Capital Assets	7,753,755	527,668	8,281,423
Restricted For			
Other Purposes	55,010	0	55,010
Unrestricted (Deficit)	(6,447,428)	(3,219,832)	(9,667,260)
Total Net Positon (Deficit)	$1,361,337	($2,692,164)	($1,330,827)

See Accompanying Notes to Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2016

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	$219,240	$0	$0
Special	378,711	0	267,780
Vocational	5,552,282	816,413	1,222,694
Adult/Continuing	173,996	0	163,866
Support Services:			
Pupils	564,444	0	0
Instructional Staff	277,561	0	0
Board of Education	147,627	0	0
Administration	870,364	0	0
Fiscal	402,563	0	0
Business	65,361	0	0
Operation and Maintenance of Plant	1,425,608	0	0
Pupil Transportation	16,338	0	0
Central	645,238	0	0
Non-Instructional Services	5,387	0	0
Extracurricular Activities	37,967	0	0
Intergovernmental	4,201,755	0	0
Interest and Fiscal Charges	51,980	0	0
Total Governmental Activities	15,036,422	816,413	1,654,340
Business-Type Activities:			
Adult Education	2,046,962	1,623,324	209,676
Other Enterprise Funds			
Food Service	249,605	76,627	112,255
Rotary	94,052	95,416	8,838
Total Other Enterprise Funds	343,657	172,043	121,093
Total Business-Type Activities	2,390,619	1,795,367	330,769
Total	$17,427,041	$2,611,780	$1,985,109

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

Transfers
Total General Revenues and Transfers

Change in Net Positon

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

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Positon		
Governmental Activities	Business-Type Activities	Total
($219,240)	$0	($219,240)
(110,931)	0	(110,931)
(3,513,175)	0	(3,513,175)
(10,130)	0	(10,130)
(564,444)	0	(564,444)
(277,561)	0	(277,561)
(147,627)	0	(147,627)
(870,364)	0	(870,364)
(402,563)	0	(402,563)
(65,361)	0	(65,361)
(1,425,608)	0	(1,425,608)
(16,338)	0	(16,338)
(645,238)	0	(645,238)
(5,387)	0	(5,387)
(37,967)	0	(37,967)
(4,201,755)	0	(4,201,755)
(51,980)	0	(51,980)
(12,565,669)	0	(12,565,669)
0	(213,962)	(213,962)
0	(60,723)	(60,723)
0	10,202	10,202
0	(50,521)	(50,521)
0	(264,483)	(264,483)
(12,565,669)	(264,483)	(12,830,152)
3,952,877	0	3,952,877
5,134,923	0	5,134,923
1,243	0	1,243
33,548	13,259	46,807
9,122,591	13,259	9,135,850
12,680	(12,680)	0
9,135,271	579	9,135,850
(3,430,398)	(263,904)	(3,694,302)
4,791,735	(2,428,260)	2,363,475
$1,361,337	($2,692,164)	($1,330,827)

Tri-Rivers Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2016

	General	Other Governmental	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	$3,305,861	$105,490	$3,411,351
Accounts Receivable	3,981	7,500	11,481
Due from External Parties	5,709	0	5,709
Interfund Receivable	341,541	0	341,541
Materials and Supplies Inventory	63,520	0	63,520
Property Taxes Receivable	4,229,493	0	4,229,493
Total Assets	$7,950,105	$112,990	$8,063,095
Liabilities:			
Accounts Payable	$38,549	$0	$38,549
Contracts Payable	38,300	0	38,300
Accrued Wages and Benefits Payable	469,449	0	469,449
Matured Compensated Absences Payable	6,526	0	6,526
Intergovernmental Payable	96,473	0	96,473
Interfund Payable	0	7,500	7,500
Special Termination Benefits Payable	16,500	0	16,500
Total Liabilities	665,797	7,500	673,297
Deferred Inflows of Resources:			
Property Taxes	2,564,362	0	2,564,362
Unavailable Revenue	473,364	0	473,364
Total Deferred Inflows of Resources	3,037,726	0	3,037,726
Fund Balances:			
Nonspendable	63,520	0	63,520
Restricted	0	105,462	105,462
Assigned	536,578	28	536,606
Unassigned	3,646,484	0	3,646,484
Total Fund Balances	4,246,582	105,490	4,352,072
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$7,950,105	$112,990	$8,063,095

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2016

Total Governmental Fund Balances		$4,352,072
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		9,348,950
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Delinquent Property Taxes Receivable		473,364
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.		(3,513)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Loans Payable	(358,125)	
Notes Payable	(1,279,030)	
Compensated Absences Payable	(298,165)	
Capital Leases Payable	(8,492)	
		(1,943,812)
The net pension liability is not due and payable in the current period, therefore, the liablity and related deferred outflows/inflows are not reported in the governmental funds.		
Deferred Outflows - Pension	1,582,493	
Deferred Inflows - Pension	(1,175,047)	
Net Pension Liability	(11,273,170)	
		(10,865,724)
Net Position of Governmental Activities		$1,361,337

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Straight A Grant	Other Governmental	Total Governmental Funds
Revenues:				
Property Taxes	$3,952,628	$0	$0	$3,952,628
Intergovernmental	6,038,153	4,329,765	670,091	11,038,009
Interest	1,243	0	0	1,243
Charges for Services	505,773	0	0	505,773
Tuition and Fees	182,004	0	0	182,004
Rent	128,636	0	0	128,636
Gifts and Donations	0	0	49,982	49,982
Other	33,548	0	31,037	64,585
Total Revenues	10,841,985	4,329,765	751,110	15,922,860
Expenditures:				
Current:				
Instruction:				
Regular	226,594	0	0	226,594
Special	378,711	0	0	378,711
Vocational	3,835,925	623,274	359,763	4,818,962
Adult/Continuing	7,189	0	175,208	182,397
Support Services:				
Pupils	432,399	0	122,000	554,399
Instructional Staff	274,534	0	12,029	286,563
Board of Education	147,144	0	0	147,144
Administration	838,454	0	13,833	852,287
Fiscal	377,055	0	0	377,055
Business	58,655	0	0	58,655
Operation and Maintenance of Plant	1,416,845	0	0	1,416,845
Pupil Transportation	662	0	500	1,162
Central	577,802	18,542	25,000	621,344
Non-Instructional Services	5,174	0	0	5,174
Extracurricular Activities	37,967	0	0	37,967
Capital Outlay	1,268,310	0	0	1,268,310
Intergovernmental	37,586	4,164,169	0	4,201,755
Debt Service:				
Principal Retirement	217,636	0	108,430	326,066
Interest and Fiscal Charges	19,934	0	32,845	52,779
Total Expenditures	10,158,576	4,805,985	849,608	15,814,169
Excess of Revenues Over (Under) Expenditures	683,409	(476,220)	(98,498)	108,691
Other Financing Sources (Uses):				
Transfers In	0	0	142,362	142,362
Transfers Out	(141,275)	0	(1,087)	(142,362)
Total Other Financing Sources (Uses)	(141,275)	0	141,275	0
Changes in Fund Balances	542,134	(476,220)	42,777	108,691
Fund Balances at Beginning of Year	3,704,448	476,220	62,713	4,243,381
Fund Balances at End of Year	$4,246,582	$0	$105,490	$4,352,072

See Accompanying Notes to the Basic Financial Statements

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

Changes in Fund Balances - Total Governmental Funds		$108,691
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.		
Depreciable Capital Assets	1,225,383	
Capital Contributions	12,680	
Depreciation	(727,908)	
		510,155
The cost of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities.		(27,836)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent Property Taxes	249	
Intergovernmental	(4,329,765)	
		(4,329,516)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
Loans Payable	175,653	
Notes Payable	108,430	
Capital Leases Payable	41,983	
		326,066
Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position.		799
Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(71,136)
Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities.		
Pension Expense	(668,516)	
Business-Type Activities	78,512	
		(590,004)
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows or a reduction of the liability.		
Contributions Subsequent to the Measurement Date	791,380	
Business-Type Activities	(148,997)	
		642,383
Change in Net Position of Governmental Activities		($3,430,398)

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues:				
Property Taxes	$3,691,855	$3,691,855	$4,026,303	$334,448
Intergovernmental	5,273,406	5,273,406	6,038,153	764,747
Interest	1,086	1,086	1,243	157
Charges for Services	441,729	441,729	505,773	64,044
Tuition and Fees	157,829	157,829	182,004	24,175
Rent	110,023	110,023	125,974	15,951
Other	62,240	24,762	34,110	9,348
Total Revenues	9,738,168	9,700,690	10,913,560	1,212,870
Expenditures:				
Current:				
Instruction:				
Regular	258,192	258,192	225,628	32,564
Special	378,711	378,711	378,711	0
Vocational	4,669,228	4,673,256	4,018,353	654,903
Support Services:				
Pupils	510,440	510,440	447,185	63,255
Instructional Staff	353,828	353,828	314,322	39,506
Board of Education	191,189	191,189	171,130	20,059
Administration	970,391	970,391	849,118	121,273
Fiscal	434,074	434,074	379,282	54,792
Business	100,454	100,454	89,581	10,873
Operation and Maintenance of Plant	1,732,254	1,732,254	1,526,953	205,301
Pupil Transportation	758	758	662	96
Central	683,444	683,444	598,859	84,585
Non-Instructional Services	5,922	5,922	5,174	748
Extracurricular Activities	38,272	38,272	37,967	305
Capital Outlay	1,852,197	1,852,197	1,657,660	194,537
Intergovernmental	43,021	43,021	37,586	5,435
Debt Service:			0	
Principal Retirement	175,653	175,653	175,653	0
Interest and Fiscal Charges	10,653	10,653	10,653	0
Total Expenditures	12,408,681	12,412,709	10,924,477	1,488,232
Excess of Revenues Under Expenditures	(2,670,513)	(2,712,019)	(10,917)	2,701,102
Other Financing Sources (Uses):				
Advances In	111,956	151,845	168,077	16,232
Advances Out	(334,041)	(334,041)	(334,041)	0
Transfers Out	(141,275)	(141,275)	(141,275)	0
Total Other Financing Sources (Uses)	(363,360)	(323,471)	(307,239)	16,232
Changes in Fund Balance	(3,033,873)	(3,035,490)	(318,156)	2,717,334
Fund Balance at Beginning of Year	1,652,893	1,652,893	1,652,893	0
Prior Year Encumbrances Appropriated	1,382,597	1,382,597	1,382,597	0
Fund Balance at End of Year	$1,617	$0	$2,717,334	$2,717,334

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Straight A Grant Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues:				
Intergovernmental	13,214,785	13,214,785	6,699,818	(6,514,967)
Expenditures:				
Current:				
Instruction:				
Vocational	1,253,130	1,253,130	666,781	586,349
Support Services:				
Central	83,692	83,692	18,542	65,150
Intergovernmental	11,785,537	11,785,537	5,922,069	5,863,468
Total Expenditures	13,122,359	13,122,359	6,607,392	6,514,967
Excess of Revenues Over Expenditures	92,426	92,426	92,426	0
Other Financing Uses:				
Advances Out	(92,426)	(92,426)	(92,426)	0
Changes in Fund Balance	0	0	0	0
Fund Balance (Deficit) at Beginning of Year	(6,607,392)	(6,607,392)	(6,607,392)	0
Prior Year Encumbrances Appropriated	6,607,392	6,607,392	6,607,392	0
Fund Balance at End of Year	$0	$0	$0	$0

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Fund Net Position
Enterprise Funds
June 30, 2016

	Adult Education	Other Enterprise	Total Enterprise Funds
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	$52,563	$82,813	$135,376
Accounts Receivable	34,322	2,183	36,505
Intergovernmental Receivable	16,820	0	16,820
Inventory Held for Resale	0	699	699
Materials and Supplies Inventory	0	603	603
Total Current Assets	103,705	86,298	190,003
Non-Current Assets:			
Depreciable Capital Assets, Net	428,119	99,549	527,668
Total Assets	531,824	185,847	717,671
Deferred Outflows of Resources:			
Pension	246,483	96,260	342,743
Liabilities:			
Current Liabilities:			
Accounts Payable	13,864	1,119	14,983
Accrued Wages and Benefits Payable	67,074	15,408	82,482
Intergovernmental Payable	26,804	9,451	36,255
Interfund Payable	334,041	0	334,041
Compensated Absences Payable	1,533	1,295	2,828
Total Current Liabilities	443,316	27,273	470,589
Non-Current Liabilities:			
Compensated Absences Payable	36,162	5,759	41,921
Net Pension Liability	2,566,022	176,012	2,742,034
Total Non-Current Liabilities	2,602,184	181,771	2,783,955
Total Liabilities	3,045,500	209,044	3,254,544
Deferred Inflows of Resources:			
Pension	434,098	63,936	498,034
Net Position:			
Net Investment in Capital Assets	428,119	99,549	527,668
Unrestricted (Deficit)	(3,129,410)	(90,422)	(3,219,832)
Total Net Position (Deficit)	($2,701,291)	$9,127	($2,692,164)

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Adult Education	Other Enterprise	Total Enterprise Funds
Operating Revenues:			
Sales	$0	$172,043	$172,043
Charges for Services	1,623,324	0	1,623,324
Other Operating Revenues	13,119	140	13,259
Total Operating Revenues	1,636,443	172,183	1,808,626
Operating Expenses:			
Salaries	1,125,333	80,102	1,205,435
Fringe Benefits	267,100	48,889	315,989
Purchased Services	386,420	18,844	405,264
Materials and Supplies	243,116	89,300	332,416
Cost of Sales	0	100,478	100,478
Other Operating Expenses	2,030	660	2,690
Depreciation	22,935	5,384	28,319
Total Operating Expenses	2,046,934	343,657	2,390,591
Operating Loss	(410,491)	(171,474)	(581,965)
Non-Operating Revenues (Expenses)			
Grants	209,676	121,093	330,769
Interest Expense	(28)	0	(28)
Loss on Disposal of Captial Assets	(12,680)	0	(12,680)
Total Non-Operating Revenues (Expenses)	196,968	121,093	318,061
Changes in Net Position	(213,523)	(50,381)	(263,904)
Net Position (Deficit) at Beginning of Year	(2,487,768)	59,508	(2,428,260)
Net Position (Deficit) at End of Year	($2,701,291)	$9,127	($2,692,164)

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Adult Education	Other Enterprise	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	$1,609,560	$169,860	$1,779,420
Cash Received from Other Revenues	13,119	140	13,259
Cash Payments for Salaries	(1,129,257)	(77,741)	(1,206,998)
Cash Payments for Fringe Benefits	(340,424)	(33,874)	(374,298)
Cash Payments for Goods and Services	(627,572)	(207,407)	(834,979)
Cash Payments for Other Expenses	(2,030)	(660)	(2,690)
Net Cash Used for Operating Activities	(476,604)	(149,682)	(626,286)
Cash Flows from Noncapital Financing Activities:			
Cash Received from Grants	209,676	121,093	330,769
Cash Received from Advances In	334,041	0	334,041
Cash Payments from Advances Out	(13,803)	0	(13,803)
Net Cash Provided by Noncapital Financing Activities	529,914	121,093	651,007
Cash Flows from Capital and Related Financing Activities			
Cash Payments for Lease Principal	(1,843)	0	(1,843)
Cash Payments for Lease Interest	(28)	0	(28)
Acquisition of Capital Assets	(12,680)	0	(12,680)
Net Cash Used for Capital and Related Financing Activities	(14,551)	0	(14,551)
Net Increase (Decrease) in Cash and Cash Equivalents	38,759	(28,589)	10,170
Cash and Cash Equivalents at Beginning of Year	13,804	111,402	125,206
Cash and Cash Equivalents at End of Year	$52,563	$82,813	$135,376
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	($410,491)	($171,474)	($581,965)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	22,935	5,384	28,319
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(4,342)	(1,918)	(6,260)
Increase in Intergovernmental Receivable	(9,422)	0	(9,422)
Increase in Inventory Held for Resale	0	(233)	(233)
Decrease in Materials and Supplies Inventory	0	64	64
Increase in Accounts Payable	2,022	1,119	3,141
Increase in Accrued Wages and Benefits Payable	2,444	4,796	7,240
Increase in Intergovernmental Payable	1,435	1,186	2,621
Increase (Decrease) in Compensated Absences Payable	(6,360)	7,054	694
Increase (Decrease) in Net Pension Liability	20,211	(853,797)	(833,586)
Decrease in Deferred Outflows - Pension	54,015	869,801	923,816
Decrease in Deferred Inflows - Pension	(149,051)	(11,664)	(160,715)
Net Cash Used for Operating Activities	($476,604)	($149,682)	($626,286)

Non-Cash Capital Transactions

In fiscal year 2016, the Adult Education Fund made a contribution of capital assets to governmental activities, in the amount of $12,680.

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	$83,968	$22,446
Notes Receivable	2,479	0
Total Assets	86,447	$22,446
Liabilities:		
Due to External Parties	0	$5,709
Undistributed Assets (Deficit)	0	(688)
Due to Students	0	17,425
Total Liabilities	0	$22,446
Net Position:		
Held in Trust for Scholarships	36,196	
Endowments	50,251	
Total Net Position	$86,447	

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2016

Additions:	
Gifts and Donations	$650
Deductions:	
Non-Instructional Services	1,400
Change in Net Position	(750)
Net Position at Beginning of Year	87,197
Net Position at End of Year	$86,447

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1974. The School District serves Marion and the surrounding counties. It is staffed by thirty classified employees, forty certified teaching personnel, and eight administrative employees who provide services to 391 students and other community members. The School District currently operates an instruction/administration building.

Reporting Entity

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

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

The School District participates in the Metropolitan Educational Technology Association, a jointly governed organization, and the Schools of Ohio Risk Sharing Authority, the Stark County Schools Council of Governments Health Benefit Plan, and the Better Business Bureau of Central Ohio Workers' Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 22 and 23 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

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

Straight A Grant Fund - The Straight A Grant Fund accounts for grant resources restricted to promote innovative local ideas and programs to help transform and modernize Ohio's education system.

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

Proprietary Funds

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide financial statements, the enterprise funds are accounted for using 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 fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise funds.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and explained in Note 13 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources includes property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue consists of delinquent property taxes. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 17. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and explained in Note 13 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

F. Cash and Investments

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

During fiscal year 2016, the School District had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2016 was $1,243.

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

G. Inventory

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

H. Capital Assets

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

All 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:

Description	Useful Lives
Land Improvements	10 years
Buildings and Building Improvements	20 - 65 years
Furniture, Fixtures, and Equipment	5 - 30 years
Vehicles	10 years

I. Interfund Assets/Liabilities

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

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 the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, net pension liability and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term loans, notes, and capital leases are recognized as a liability on the fund financial statements when due.

L. Net Position

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

N. Operating Revenues and Expenses

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

O. Capital Contributions

Capital contributions arise from contributions of capital assets from other funds.

P. Interfund Transactions

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Q. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

R. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2016, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 76, "Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 82, "Pension Issues-an Amendment of GASB Statements No. 67, No. 69, and No. 73".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 76 identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this statement did not result in any changes to the School District's financial statements.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Accountability

At June 30, 2016, the Adult Education and Rotary enterprise funds had deficit fund balances, in the amount of $2,701,291 and $21,887, respectively, due to recording the net pension liability. 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 balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and the Straight A Grant special revenue 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 the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

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

Changes in Fund Balance

	General	Straight A Grant
GAAP Basis	$542,134	($476,220)
Increase (Decrease) Due To:		
Revenue Accruals:		
Accrued FY 2015, Received in Cash FY 2016	1,267,323	2,370,053
Accrued FY 2016, Not Yet Received in Cash	(1,195,748)	0
Expenditure Accruals:		
Accrued FY 2015, Paid in Cash FY 2016	($813,255)	($1,801,407)
Accrued FY 2016, Not Yet Paid in Cash	665,797	0

Note 5 - Budgetary Basis of Accounting (continued)

Changes in Fund Balance
(continued)

	General	Straight A Grant
Materials and Supplies Inventory	($16,707)	$0
Advances In	168,077	0
Advances Out	(334,041)	(92,426)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(601,736)	0
Budget Basis	($318,156)	$0

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 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 may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Note 6 - Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio and, with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);

7. The State Treasurer's investment pool (STAR Ohio); and

8. Commercial paper and bankers' acceptances if training requirements have been met.

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

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, $3,398,497 of the School District's bank balance of $3,898,497 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements 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 105 percent of the deposits being secured.

Note 7 - Receivables

Receivables at June 30, 2016, consisted of accounts (rent, billings for user charged services, and student fees), intergovernmental, amounts due from external parties, interfund, property taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes and a portion of notes, are considered collectible within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable are repaid according to payment schedules made with the various students. A summary of the principal items of intergovernmental receivables follows:

Business-Type Activities	
Adult Education	$16,820

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from seven counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 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.

Note 8 - Property Taxes (continued)

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2015, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2016, was $1,191,767 in the General Fund. The amount available as an advance at June 30, 2015, was $1,265,442 in the General Fund.

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

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

	2015 Second-Half Collections		2016 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$1,763,238,940	94.20%	$1,770,757,860	93.91%
Public Utility	108,578,950	5.80	114,930,940	6.09
Total Assessed Value	$1,871,817,890	100.00%	$1,885,688,800	100.00%
Tax rate per $1,000 of assessed valuation	$4.40		$4.40	

Note 9 - Capital Assets

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

	Balance at 6/30/15	Additions	Reductions	Balance at 6/30/16
Governmental Activities				
Nondepreciable Capital Assets				
Land	$241,082	$0	$0	$241,082
Depreciable Capital Assets				
Land Improvements	412,591	0	0	412,591
Buildings and Building Improvements	10,989,150	0	0	10,989,150
Furniture, Fixtures, and Equipment	3,407,761	1,238,063	(62,142)	4,583,682
Vehicles	244,038	0	0	244,038
Total Depreciable Capital Assets	15,053,540	1,238,063	(62,142)	16,229,461

(continued)

Note 9 - Capital Assets (continued)

	Balance at 6/30/15	Additions	Reductions	Balance at 6/30/16
Governmental Activities (continued)				
Less Accumulated Depreciation				
Land Improvements	($406,765)	($5,826)	$0	($412,591)
Buildings and Building Improvements	(5,060,765)	(262,847)	0	(5,323,612)
Furniture, Fixtures, and Equipment	(876,847)	(436,656)	34,306	(1,279,197)
Vehicles	(83,614)	(22,579)	0	(106,193)
Total Accumulated Depreciation	(6,427,991)	(727,908)	34,306	(7,121,593)
Depreciable Capital Assets, Net	8,625,549	510,155	(27,836)	9,107,868
Governmental Activities Capital Assets, Net	$8,866,631	$510,155	($27,836)	$9,348,950

During fiscal year 2016, the School District accepted contributions of depreciable capital assets from business-type activities with a fair value of $12,680.

	Balance at 6/30/15	Additions	Reductions	Balance at 6/30/16
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	$984,388	$0	$0	$984,388
Furniture, Fixtures, and Equipment	88,402	12,680	(22,680)	78,402
Total Depreciable Capital Assets	1,072,790	12,680	(22,680)	1,062,790
Less Accumulated Depreciation				
Buildings and Building Improvements	(462,481)	(23,121)	0	(485,602)
Furniture, Fixtures, and Equipment	(54,322)	(5,198)	10,000	(49,520)
Total Accumulated Depreciation	(516,803)	(28,319)	10,000	(535,122)
Business-Type Activities Capital Assets, Net	$555,987	($15,639)	($12,680)	$527,668

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$638,032
Support Services:	
Pupils	6,761
Instructional Staff	4,286
Administration	5,953
Fiscal	2,143
Business	6,428
Operation and Maintenance of Plant	34,862
Pupil Transportation	15,176
Central	14,267
Total Depreciation Expense	$727,908

Note 9 - Capital Assets (continued)

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	$5,384

Note 10 - Interfund Assets/Liabilities

At June 30, 2016, the General Fund had an interfund receivable, in the amount of $341,541, for loans made to provide cash flow resources to other governmental funds and the Adult Education enterprise fund, in the amount of $7,500 and $334,041, respectively. All amounts are expected to be repaid within one year.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the School District contracted for the following insurance coverage:

Coverage provided by The Schools of Ohio Risk Sharing Authority is as follows:	
Building and Contents	$200,100,000
General School District Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000

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

For fiscal year 2016, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with the SORSA for insurance coverage and pays annual premiums to the SORSA based on the types and limits of coverage and deductibles selected by the participant.

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

Note 11 - Risk Management (continued)

The School District participates in the Better Business Bureau of Central Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan 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 Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 12 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2017 are as follows:

General Fund	$601,736

Note 13 - Defined Benefit Pension Plans

Net Pension Liability

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

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.

The 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.

Note 13 - Defined Benefit Pension Plans (continued)

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - School District classified 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. The report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Age and service requirements for retirement are as follows.

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a 3 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.

Note 13 - Defined Benefit Pension Plans (continued)

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 $214,902 for fiscal year 2016. The entire amount was paid within the fiscal year.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-five years of service credit, or thirty years of service credit regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age sixty with thirty-five years of service or age sixty-five with five years of service on August 1, 2026.

The DCP allows members to place all their member contributions and 9.5 percent of the 14 percent employer contribution 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

Note 13 - Defined Benefit Pension Plans (continued)

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

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

A DBP or CP member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 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 1 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 $576,478 for fiscal year 2016. Of this amount, $102,593 is reported as an intergovernmental payable.

Note 13 - Defined Benefit Pension Plans (continued)

Pension Liabilities, Pension Expense, 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 plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.03282400%	0.04458141%	
Proportion of the Net Pension Liability Current Measurement Date	0.04406660%	0.04161338%	
Change in Proportionate Share	0.01124260%	(0.00296803%)	
Proportionate Share of the Net Pension Liability	$2,514,483	$11,500,721	$14,015,204
Pension Expense	$318,243	$350,273	$668,516

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	$40,488	$524,287	$564,775
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	569,081	0	569,081
School District Contributions Subsequent to the Measurement Date	214,902	576,478	791,380
Total Deferred Outflows of Resources	$824,471	$1,100,765	$1,925,236
Deferred Inflows of Resources			
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$83,313	$827,119	$910,432
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	71,847	690,802	762,649
Total Deferred Inflows of Resources	$155,160	$1,517,921	$1,673,081

Note 13 - Defined Benefit Pension Plans (continued)

$791,380 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	SERS	STRS	Total
Fiscal Year Ended June 30,			
2017	$128,606	($359,354)	($230,748)
2018	128,606	(359,354)	(230,748)
2019	128,414	(359,354)	(230,940)
2020	68,783	84,428	153,211
Total	$454,409	($993,634)	($539,225)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67 as part of the annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal

Note 13 - Defined Benefit Pension Plans (continued)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.00%
U.S. Stocks	22.50	5.00
Non-U.S. Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00%	

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 earnings 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.

Note 13 - Defined Benefit Pension Plans (continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's Proportionate Share of the Net Pension Liability	$3,486,684	$2,514,483	$1,695,809

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.

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 eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety 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.

Note 13 - Defined Benefit Pension Plans (continued)

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.

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 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 discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's Proportionate Share of the Net Pension Liability	$15,975,369	$11,500,721	$7,716,739

Note 13 - Defined Benefit Pension Plans (continued)

Social Security System

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

Note 14 - Postemployment Benefits

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund administered by SERS for classified retirees and their beneficiaries. For GASB Statement No. 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 by visiting the SERS website at www.ohsers.org under employers/audit resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). 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, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. State statute provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$21,526.

The School District's contribution for health care for the fiscal years ended June 30, 2016, 2015, and 2014 was \$0, \$10,878, and \$1,263, respectively. The full amount has been contributed for all three fiscal years.

Note 14 - Postemployment Benefits (continued)

State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. 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 postemployment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016, and June 30, 2015, STRS did not allocate any employer contributions to postemployment health care. For the fiscal year ended June 30, 2014, 1 percent of covered payroll was allocated to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $0, and $45,525, respectively. The full amount has been contributed for all three fiscal years.

Note 15 - Other Employee Benefits

A. Compensated Absences

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

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

B. Health Care Benefits

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

Note 15 - Other Employee Benefits (continued)

C. Separation Benefits

The School District offers a separation benefit of $15,000 to teachers under the TREA Bargaining Unit who retire during the summer of their first year of eligibility or who retire during the summer after they first attain 30 years of STRS service credit at any age. At June 30, 2016, the School District had a liability for separation benefits of $16,500.

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2016 were as follows:

	Balance at 6/30/15	Additions	Reductions	Balance at 6/30/16	Amounts Due Within One Year
Governmental Activities					
General Obligations					
Equipment Loan 3.10%	$195,282	$0	$76,309	$118,973	$78,701
Equipment Loan 1.87%	338,496	0	99,344	239,152	109,739
Energy Conservation Notes FY 2013 2.65%	982,460	0	63,430	919,030	65,110
Equipment Acquisition Notes FY 2013 2.00%	405,000	0	45,000	360,000	50,000
Total General Obligations	1,921,238	0	284,083	1,637,155	303,550
Net Pension Liability					
SERS	1,378,798	808,802	0	2,187,600	0
STRS	8,458,118	627,452	0	9,085,570	0
Total Net Pension Liability	9,836,916	1,436,254	0	11,273,170	0
Compensated Absences Payable	227,029	83,979	12,843	298,165	36,699
Capital Leases Payable	50,475	0	41,983	8,492	8,492
Total Governmental Activities Long-Term Obligations	$12,035,658	$1,520,233	$338,909	$13,216,982	$348,741
Business-Type Activities					
Net Pension Liability					
SERS	$282,406	$44,477	$0	$326,883	$0
STRS	2,385,624	29,527	0	2,415,151	0
Total Net Pension Liability	2,668,030	74,004	0	2,742,034	0
Compensated Absences Payable	44,055	7,054	6,360	44,749	2,828
Capital Leases Payable	1,843	0	1,843	0	0
Total Business-Type Activities Long-Term Obligations	$2,713,928	$81,058	$8,203	$2,786,783	$2,828

Note 16 - Long-Term Obligations (continued)

Equipment Loan - On August 24, 2012, the School District obtained a loan, in the amount of $374,090, to acquire equipment for the RAMTEC lab. The loan was obtained for a five-year period, with final maturity in fiscal year 2018. The loan is being retired through the General Fund. The entire amount of the loan has been capitalized.

Equipment Loan - On September 10, 2013, the School District obtained a loan, in the amount of $500,000, to acquire equipment. The loan was obtained for a five-year period, with final maturity in fiscal year 2019. The loan is being retired through the General Fund. The entire amount of the loan has been capitalized.

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

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

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 13 to the basic financial statements.

Compensated absences will be paid from the General Fund and the Food Service, Rotary, and Adult Education enterprise funds.

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

The School District's overall debt margin was $158,650,110 with an unvoted debt margin of $1,770,758 at June 30, 2016.

Principal requirements to retire the general obligation debt outstanding at June 30, 2016, were as follows:

	Loans Payable		Notes Payable	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2017	$188,440	$6,601	$115,110	$30,191
2018	143,560	2,007	116,830	27,443
2019	26,125	81	118,600	24,649
2020	0	0	120,420	21,807
2021	0	0	122,290	18,916
2022-2026	0	0	501,210	53,116
2027-2028	0	0	184,570	5,095
	$358,125	$8,689	$1,279,030	$181,217

Note 17 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for equipment. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds and as a reduction of the liability in the enterprise funds. Principal payments in 2016 were $41,983 for governmental funds and $1,843 for enterprise funds.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	$164,180	$30,000
Less Accumulated Depreciation	(164,180)	(30,000)
Total June 30, 2016	$0	$0

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016.

	Governmental Activities	
Year	Principal	Interest
2017	$8,492	$298

Note 18 - Set Asides

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

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2016.

	Capital Improvements
Balance June 30, 2015	$0
Current Year Set Aside Requirement	92,688
Qualifying Expenditures	(92,688)
Balance June 30, 2016	$0

Note 19 - Interfund Transfers

During fiscal year 2016, the General Fund made transfers to other governmental funds, in the amount of $141,275, as debt payments came due. Other governmental funds made transfers to other governmental funds, in the amount of $1,087, to support programs of other funds.

Note 20 - Fund Balance

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

Fund Balance	General	Other Governmental	Total Governmental Funds
Nonspendable for:			
Materials and Supplies Inventory	$63,520	$0	$63,520
Restricted for:			
Adult Education	0	35,288	35,288
Capital Improvements	0	50,452	50,452
Career Development	0	6,660	6,660
Professional Development	0	5,839	5,839
Student Assistance	0	1,796	1,796
Vocational Instruction	0	5,427	5,427
Total Restricted	0	105,462	105,462
Assigned for:			
Debt Retirement	0	28	28
Unpaid Obligations	535,175	0	535,175
Wellness Activities	1,403	0	1,403
Total Assigned	536,578	28	536,606
Unassigned	3,646,484	0	3,646,484
Total Fund Balance	$4,246,582	$105,490	$4,352,072

Note 21 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of $50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is $36,196 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide scholarships each year.

Note 22 - Jointly Governed Organization

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an association of public school districts within the boundaries of Athens, Crawford, Delaware, Erie, Franklin, Knox, Licking, Lorain, Marion, Morrow, Muskingum, Union, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2016, the School District paid $14,700 to META for various services. Financial information can be obtained from META, 100 Executive Drive, Marion, Ohio 43302.

Note 23 - Insurance Pools

A. Schools of Ohio Risk Sharing Authority

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

Note 23 - Insurance Pools (continued)

B. Stark County Schools Council of Governments Health Benefit Plan

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

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

C. Better Business Bureau of Central Ohio Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Better Business Bureau of Central Ohio Workers' Compensation Group Rating Plan (Plan) was established through the Better Business Bureau of Ohio as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 24 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2016.

Note 24 - Contingencies (continued)

B. 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 School District, 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, any financial statement impact is not determinable at this time. This may result in a receivable to or a liability of the School District.

C. Litigation

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

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

	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.04406660%	0.03282400%	0.03282400%
School District's Proportionate Share of the Net Pension Liability	$2,514,483	$1,661,204	$1,951,938
School District's Covered Employee Payroll	$1,326,646	$902,107	$963,733
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	189.54%	184.15%	202.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

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

	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.04161338%	0.04458141%	0.04458141%
School District's Proportionate Share of the Net Pension Liability	$11,500,721	$10,843,742	$12,916,994
School District's Covered Employee Payroll	$4,295,700	$4,552,469	$4,512,846
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	267.73%	238.19%	286.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

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

	2016	2015	2014	2013
Contractually Required Contribution	$214,902	$174,852	$125,032	$133,381
Contributions in Relation to the Contractually Required Contribution	(214,902)	(174,852)	(125,032)	(133,381)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Employee Payroll	$1,535,014	$1,326,646	$902,107	$963,733
Contributions as a Percentage of Covered Employee Payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
$130,631	$119,942	$123,229	$121,205	$113,784	$138,082
(130,631)	(119,942)	(123,229)	(121,205)	(113,784)	(138,082)
$0	$0	$0	$0	$0	$0
$971,236	$954,191	$910,110	$1,231,760	$1,158,701	$1,292,903
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

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

	2016	2015	2014	2013
Contractually Required Contribution	$576,478	$601,398	$591,821	$586,670
Contributions in Relation to the Contractually Required Contribution	(576,478)	(601,398)	(591,821)	(586,670)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Employee Payroll	$4,117,700	$4,295,700	$4,552,469	$4,512,846
Contributions as a Percentage of Covered Employee Payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
$644,330	$647,384	$647,032	$610,881	$654,669	$622,083
(644,330)	(647,384)	(647,032)	(610,881)	(654,669)	(622,083)
$0	$0	$0	$0	$0	$0
$4,956,385	$4,979,877	$4,977,169	$4,699,085	$5,035,915	$4,785,254
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through the Ohio Department of Education:		
Child Nutrition Cluster:		
Cash Assistance:		
School Breakfast Program	10.553	$ 22,944
National School Lunch Program	10.555	86,567
Total Child Nutrition Cluster		109,511
Child and Adult Care Food Program	10.558	8,838
TOTAL U.S. DEPARTMENT OF AGRICULTURE		**118,349**
U.S. DEPARTMENT OF EDUCATION		
Student Financial Assistance Cluster:		
Federal Pell Grant Program	84.063	244,436
Federal Direct Student Loans	84.268	464,324
Total Student Financial Assistance Cluster		708,760
Rural Education	84.358	57,809
Passed Through the Ohio Department of Education:		
Improving Teacher Quality State Grants	84.367	2,029
Career and Technical Education-Basic Grants to States	84.048	242,140
Passed Through Madison Local School District:		
Career and Technical Education-Basic Grants to States	84.048	70,820
TOTAL U.S. DEPARTMENT OF EDUCATION		**1,081,558**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 1,199,907**

The accompanying notes are an integral part of this schedule.

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-Rivers Joint Vocational School District (the School District) 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 School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, 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 expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-Rivers Joint Vocational School District, Marion County, 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 13, 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.

Dave Yost
Auditor of State
Columbus, Ohio

December 13, 2016

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Tri-Rivers Joint Vocational School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Tri-Rivers 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 the requirements of laws, regulations, contracts, and grants 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, Tri-Rivers Joint Vocational School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2016-001. Our opinion on the major federal program is not modified with respect to this matter.

The School District's response to our noncompliance finding is described in the accompanying schedule of findings and corrective action plan. We did not audit the School District's response and, accordingly, we express no opinion on it.

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's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses, described in the accompanying schedule of findings as items 2016-001 and 2016-002.

The School District's responses to our internal control over compliance findings are described in the accompanying schedule of findings and corrective action plan. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 13, 2016

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TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster CFDA #84.268 – Federal Direct Student Loans CFDA #84.063 – Federal Pell Grant Program
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

None

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2016-001		
CFDA Title and Number	Federal Direct Student Loans, CFDA 84.268		
Federal Award Identification Number / Year	2016		
Federal Agency	Department of Education		
Pass-Through Entity	n/a		
Repeat Finding from Prior Audit?	No	**Finding Number (if repeat)**	n/a

Material Weakness/Material Noncompliance
Student Financial Assistance – Reconciliations

34 C.F.R. 685.300(b)(5) states that in the Direct Loan Program participation agreement, the school must promise to comply with the William D. Ford Direct Loan Program Act and applicable regulations and must agree to on a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary of the United States Department of Education ("Secretary") and Direct Loan disbursement records submitted to and accepted by the Secretary.

During fiscal year 2016, the School District did not perform monthly reconciliations for two of the eleven months tested.

Failure to complete the reconciliations may result in discrepancies in the School District's ledgers.

We recommend the School District complete the reconciliations each month to ensure the School District's ledgers are accurate.

Officials' Response
See Corrective Action Plan

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2016-002		
CFDA Title and Number	Federal Pell Grant Program, CFDA 84.063		
Federal Award Identification Number / Year	2016		
Federal Agency	Department of Education		
Pass-Through Entity	n/a		
Repeat Finding from Prior Audit?	No	**Finding Number (if repeat)**	n/a

Material Weakness
Student Financial Assistance – Calculation of the Federal Pell Grant for a Payment Period

34 C.F.R. § 690.62(a) states that the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.

Furthermore, 34 C.F.R. § 690.63(b) states that the Federal Pell Grant for a payment period for a student in a program using standard terms with at least 30 weeks of instructional time is calculated by;
(1) Determining his or her enrollment status for the term; and
(2) Based upon that enrollment status, determining his or her annual award from the Payment Schedule for full-time students
(3) Dividing the amount described under paragraph (b)(2) of this section by -
 (i) Two at institutions using semesters or trimesters or three at institutions using quarters; or
 (ii) The number of terms over which the institution chooses to distribute the student's annual award if -
  (A) An institution chooses to distribute all of the student's annual award determined under paragraph (b)(2) of this section over more than two terms at institutions using semesters or trimesters or more than three quarters at institutions using quarters; and
  (B) The number of weeks of instructional time in the terms, including the additional term or terms, equals the weeks of instructional time in the program's academic year.

During fiscal year 2016, the Financial Aid Data Sheet Needs Analysis form was not revised once verification was complete, resulting in the School District miscalculating the Pell Grant for one out of ten students (10%) tested.

Failure to calculate amounts correctly could result in improper payments and the School District awarding amounts to students in excess of their financial needs.

We recommend the District calculate awards based on the criteria set forth in 34 C.F.R. § 690.62 and § 690.63. We further recommend the Director of Adult Education review and approve all awards prior to submission, ensuring that the award amount is appropriate.

Officials' Response
See Corrective Action Plan

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Internal Controls – Eligibility	Corrective Action Taken and Finding is Fully Corrected	N/A
2015-002	Return of Title IV Funds	Corrective Action Taken and Finding is Fully Corrected	N/A

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	A monthly checkoff sheet has been created and the Financial Aid Administrator will formally meet with the Adult Director monthly to review the previous month's Direct Loan funds reconciliation (scheduled meeting will be the second Friday of each month).	Corrective action plan is in place and is being followed (12/13/16)	Adult Director, Richard George
2016-002	During the 2015-2016 school, Tri-Rivers worked with a third-party-servicer to assist us in our financial aid processing. The non-compliance noted in item 2016-003 was the result of a student making a change to their FASFA as part of the verification process. The award was made based on her original EFC and not the corrected FASFA EFC. The error was made by our third party servicer and we did terminate our contact with them at the conclusion of the 2015-2016 school year. We are again processing all financial aid in house for the 2016-2017 school year and do have a process where the Adult Director, reviews and approves all awards prior to submission.	Corrective action plan is in place and being followed (12/13/16).	Adult Director, Richard George

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Dave Yost • Auditor of State

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT

MARION 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
DECEMBER 29, 2016

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov