TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

Dave Yost · Auditor of State

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

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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, 2018, 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.

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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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018, 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, 2018

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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, 2018. 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 2018 are as follows:

Net position increased $5,488,514 and $1,202,135 for governmental activities and business-type activities, respectively. The increases from the prior fiscal year are primarily related to the decrease in the School District's net pension liability and net OPEB liability.

General revenues were $9,264,022, or 77 percent (53 percent in fiscal year 2017) of all governmental activities revenues. While this proportionate amount of general revenues is significantly higher than the prior fiscal year, the share of general revenue support is skewed due to the significant resources ($6 million) received in fiscal year 2017, from the Straight "A" grant.

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 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 2018. 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 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 2018 and fiscal year 2017:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$12,354,818	$10,171,737	$8,358	($54,267)	$12,363,176	$10,117,470
Capital Assets, Net	8,665,349	8,925,593	499,464	528,631	9,164,813	9,454,224
Total Assets	21,020,167	19,097,330	507,822	474,364	21,527,989	19,571,694
Deferred Outflows of Resources						
Pension	2,913,925	2,852,501	931,946	765,144	3,845,871	3,617,645
OPEB	97,241	11,821	84,118	9,470	181,359	21,291
Total Deferred Outflows of Resources	3,011,166	2,864,322	1,016,064	774,614	4,027,230	3,638,936
Liabilities						
Current and Other Liabilities	896,621	740,700	114,667	111,278	1,011,288	851,978
Long-Term Liabilities						
Pension	9,236,619	13,382,703	2,718,925	3,374,259	11,955,544	16,756,962
OPEB	2,196,796	2,782,458	607,794	721,856	2,804,590	3,504,314
Other Amounts	1,505,458	1,751,145	91,542	87,544	1,597,000	1,838,689
Total Liabilities	13,835,494	18,657,006	3,532,928	4,294,937	17,368,422	22,951,943
Deferred Inflows of Resources						
Pension	1,483,163	763,904	94,212	348,757	1,577,375	1,112,661
OPEB	368,042	0	89,327	0	457,369	0
Other Amounts	2,953,417	2,638,039	0	0	2,953,417	2,638,039
Total Deferred Inflows of Resources	4,804,622	3,401,943	183,539	348,757	4,988,161	3,750,700
Net Position						
Net Investment in Capital Assets	7,523,455	7,497,220	476,462	500,162	7,999,917	7,997,382
Restricted	163,729	113,525	0	0	163,729	113,525
Unrestricted (Deficit)	(2,295,967)	(7,708,042)	(2,669,043)	(3,894,878)	(4,965,010)	(11,602,920)
Total Net Position (Deficit)	$5,391,217	($97,297)	($2,192,581)	($3,394,716)	$3,198,636	($3,492,013)

The net pension liability reported by the School District at June 30, 2018, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For fiscal year 2018, the School District adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

As a result of implementing GASB Statement No. 75, the School District is reporting a net OPEB liability and deferred outflows/inflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $2,673,340 to ($97,297), for governmental activities, and ($2,682,330) to ($3,394,716), for business-type activities.

Pension/OPEB related changes noted in the above table reflect an increase in deferred outflows and deferred inflows. The decrease in the net pension/OPEB liability represents the School District's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension liability. The effect of these changes for pension and OPEB are the most significant reason for the increase in total net position.

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 $2.2 million increase in current and other assets due primarily to an increase in cash and cash equivalents; almost entirely related to the excess of revenues over expenses in the General Fund. The increase in current and other liabilities is generally due to amounts owed at fiscal year end to contractors for a roof replacement project. The decrease in other long-term liabilities is the result of scheduled debt retirement.

The most significant changes for business-type activities, other than pension related changes, is the increase in current and other assets; a combination of an increase in cash and cash equivalents and a reduction in the amount owed to governmental activities at fiscal year end (internal balances-receivables/payables between governmental and business-type activities are reported within current and other assets). The decrease in net capital assets and the investment in capital is primarily due to annual depreciation.

Table 2 reflects the change in net position for fiscal year 2017 and fiscal year 2016.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	$1,030,385	$734,014	$2,253,173	$2,044,942	$3,283,558	$2,778,956
Operating Grants and Contributions	1,791,398	7,539,882	327,635	299,185	2,119,033	7,839,067
Total Program Revenues	2,821,783	8,273,896	2,580,808	2,344,127	5,402,591	10,618,023
General Revenues						
Property Taxes	4,277,097	4,168,823	0	0	4,277,097	4,168,823
Grants and Entitlements not Restricted to Specific Programs	4,805,128	5,110,114	0	0	4,805,128	5,110,114
Interest	39,573	4,555	0	0	39,573	4,555
Other	142,224	125,616	5,013	33,056	147,237	158,672
Total General Revenues	9,264,022	9,409,108	5,013	33,056	9,269,035	9,442,164
Total Revenues	12,085,805	17,683,004	2,585,821	2,377,183	14,671,626	20,060,187

(continued)

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Expenses						
Instruction:						
Regular	$91,195	$248,283	$0	$0	$91,195	$248,283
Special	322,761	282,647	0	0	322,761	282,647
Vocational	2,446,723	4,996,483	0	0	2,446,723	4,996,483
Adult/Continuing	116,585	180,198	0	0	116,585	180,198
Support Services:						
Pupils	235,383	583,438	0	0	235,383	583,438
Instructional Staff	465,321	390,407	0	0	465,321	390,407
Board of Education	213,366	198,980	0	0	213,366	198,980
Administration	253,043	967,221	0	0	253,043	967,221
Fiscal	477,729	571,149	0	0	477,729	571,149
Business	128,693	97,715	0	0	128,693	97,715
Operation of Maintenance of Plant	1,158,900	1,335,798	0	0	1,158,900	1,335,798
Pupil Transportation	25,893	18,733	0	0	25,893	18,733
Central	548,863	591,838	0	0	548,863	591,838
Non-Instructional Services	5,787	6,156	0	0	5,787	6,156
Extracurricular Activities	44,547	44,096	0	0	44,547	44,096
Intergovernmental	0	5,803,111	0	0	0	5,803,111
Interest and Fiscal Charges	31,537	36,049	0	0	31,537	36,049
Adult Education	0	0	1,136,856	2,038,114	1,136,856	2,038,114
Food Service	0	0	241,313	265,093	241,313	265,093
Rotary	0	0	36,482	82,841	36,482	82,841
Total Expenses	6,566,326	16,352,302	1,414,651	2,386,048	7,980,977	18,738,350
Increase (Decrease) in Net Position Before Transfers	5,519,479	1,330,702	1,171,170	(8,865)	6,690,649	1,321,837
Transfers	(30,965)	(18,699)	30,965	18,699	0	0
Increase in Net Position	5,488,514	1,312,003	1,202,135	9,834	6,690,649	1,321,837
Net Position (Deficit) at Beginning of Year	(97,297)	n/a	(3,394,716)	n/a	(3,492,013)	n/a
Net Position (Deficit) at End of Year	$5,391,217	(97,297)	($2,192,581)	($3,394,716)	$3,198,636	($3,492,013)

The information necessary to restate the fiscal year 2017 beginning balances and the fiscal year 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, fiscal year 2017 functional expenses still include OPEB expense of $21,291 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing pension expense equal to contractually required contributions to the plan. Under GASB Statement No. 75, OPEB expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB Statement No. 75, the fiscal 2018 financial statements report negative OPEB expense of $381,030.

Consequently, in order to compare fiscal year 2018 total program expenses to fiscal year 2017, the following adjustments are needed.

	Governmental Activities	Business-Type Activities	Total
Total 2018 Program Expenses Under GASB Statement No. 75	$6,566,326	$1,414,651	$7,980,977
Negative OPEB Expense Under GASB Statement No. 75	(290,354)	(90,676)	(381,030)
2018 Contractually Required Contribution	(12,686)	(8,707)	(21,393)
Adjusted 2018 Program Expenses	6,263,286	1,315,268	7,578,554
Total 2017 Program Expenses Under GASB Statement No. 45	(16,352,302)	(2,386,048)	(18,738,350)
Decrease in Program Expenses Not Related to OPEB	($10,089,016)	($1,070,780)	($11,159,796)

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes including a reduction in the discount rate and also voted to suspend cost of living adjustments (COLA). SERS decreased the COLA assumption. See Note 14. As a result of these changes, pension expense decreased from $1,281,947 in fiscal year 2017 to a negative pension expense of $3,731,607 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows.

	2018 Program Expenses Related to Negative Pension Expense		
	Governmental Activities	Business-Type Activities	Total
Expenses:			
Instruction:			
Regular	($154,490)	$0	($154,490)
Vocational	(1,922,904)	0	(1,922,904)
Adult	(32,239)	0	(32,239)
Support Services:		0	
Pupils	(165,796)	0	(165,796)
Instructional Staff	(28,447)	0	(28,447)
Board of Education	821	0	821
Administration	(538,229)	0	(538,229)
Fiscal	16,655	0	16,655
Business	2,382	0	2,382
Operation and Maintenance of Plant	(31,403)	0	(31,403)
Pupil Transportation	0	0	0
Central	10,866	0	10,866
Non-Instructional Services	259	0	259
Adult Education	0	(892,245)	(892,245)
Food Service	0	18,046	18,046
Rotary	0	(14,883)	(14,883)
Total Expenses	($2,842,525)	($889,082)	($3,731,607)

For governmental activities, there was a significant decrease in program revenues. In the prior fiscal year, the School District received a substantial amount of restricted grant funding for the Straight A program. General revenues were fairly similar to fiscal year 2017. Aside from the pension/OPEB effect on the change in expenses from the prior fiscal year, there was also a sizable decrease corresponding to the Straight A program.

For business-type activities, the increase in total revenues was primarily related to tuition. The change in expenses was related to pension/OPEB.

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	
	2018	2017	2018	2017
Instruction:				
Regular	$91,195	$248,283	$91,195	$248,283
Special	322,761	282,647	20,727	27,025
Vocational	2,446,723	4,996,483	418,580	2,964,014
Adult/Continuing	116,585	180,198	64,446	(2,496)
Support Services:				
Pupils	235,383	583,438	235,383	583,438
Instructional Staff	465,321	390,407	465,321	390,407
Board of Education	213,366	198,980	213,366	198,980
Administration	253,043	967,221	(186,424)	967,221
Fiscal	477,729	571,149	477,729	571,149
Business	128,693	97,715	128,693	97,715
Operation and Maintenance of Plant	1,158,900	1,335,798	1,158,900	1,335,798
Pupil Transportation	25,893	18,733	25,893	18,733
Central	548,863	591,838	548,863	591,838
Non-Instructional Services	5,787	6,156	5,787	6,156
Extracurricular Activities	44,547	44,096	44,547	44,096
Intergovernmental	0	5,803,111	0	0
Interest and Fiscal Charges	31,537	36,049	31,537	36,049
Total Expenses	$6,566,326	$16,352,302	$3,744,543	$8,078,406

A review of the above table illustrates that there was a decrease in the portion of program costs (approximately 57 percent for fiscal year 2018 and 49 percent for fiscal year 2017) provided for through general revenues (property taxes and unrestricted state entitlements). Note, however, that the significance of the Straight "A" grant activity (intergovernmental program) from the prior fiscal has dramatically skewed the net cost of services. Generally, the only programs which receive notable support from program revenues are the instruction programs which receive tuition and various operating grants.

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 28 percent from the prior fiscal year. Both revenues and expenditures increased moderately, 4 percent and 5 percent, respectively; however, revenues continue to substantially exceed costs of operations.

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 due to the recognition of the net pension/OPEB 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 2018, the School District amended its General Fund budget as needed. For revenues, there was not a significant change from the original budget to the final budget or from the final budget to actual revenues. For expenditures, actual expenditures were more comparable to the original budget; however, actual expenditures were $6.3 million less than budgeted amounts due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $8,665,349 invested in capital assets (net of accumulated depreciation) for governmental activities. Additions were primarily construction related to roof replacement, vocational training equipment, a tractor and mower, a bus, and a van. Disposals consisted of equipment.

The business-type activities had a $499,464 invested in capital assets (net of accumulated depreciation). There were no additions, and disposals were not significant.

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

Debt

At June 30, 2018, the School District's outstanding debt consisted of loans and notes, in the amount of $34,807 and $1,047,090, respectively, and capital leases, in the amount of $110,449, for governmental activities. Business-type activities had outstanding capital leases, in the amount of $23,002.

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

Current Issues

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

In June 1978, the School District passed a 2.1 mill continuing levy that generates approximately $2 million. In November 2011, the School District renewed a 1.3 mill five-year operating levy that generates approximately $1,470,000 annually. This levy was again renewed for a five-year period on the November 2017 ballot. In May 2014, the School District renewed a 1 mill operating levy that generates approximately $944,000 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 2019. 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.

Tri-Rivers Joint Vocational School District
Statement of Net Positon
June 30, 2018

	Governmental Activities	Business-Type Activities	Total*
Assets:			
Equity in Pooled Cash and Cash Equivalents	$7,379,908	$86,540	$7,466,448
Accounts Receivable	3,426	15,588	19,014
Intergovernmental Receivable	80,850	10,684	91,534
Internal Balances	107,042	(107,042)	0
Prepaid Items	4,565	0	4,565
Inventory Held for Resale	0	1,987	1,987
Materials and Supplies Inventory	64,336	601	64,937
Property Taxes Receivable	4,714,691	0	4,714,691
Nondepreciable Capital Assets	507,557	0	507,557
Depreciable Capital Assets, Net	8,157,792	499,464	8,657,256
Total Assets	21,020,167	507,822	21,527,989
Deferred Outflows of Resources:			
Pension	2,913,925	931,946	3,780,650
OPEB	97,241	84,118	106,603
Total Deferred Outflows of Resources	3,011,166	1,016,064	3,887,253
Liabilities:			
Accounts Payable	44,762	4,360	49,122
Contracts Payable	266,475	0	266,475
Accrued Wages and Benefits Payable	470,010	81,184	551,194
Matured Compensated Absences Payable	11,057	0	11,057
Intergovernmental Payable	87,216	29,123	116,339
Special Termination Benefits Payable	15,000	0	15,000
Accrued Interest Payable	2,101	0	2,101
Long-Term Liabilities			
Due Within One Year	211,701	8,149	219,850
Due in More Than One Year	1,293,757	83,393	1,377,150
Net Pension Liability	9,236,619	2,718,925	11,955,544
Net OPEB Liability	2,196,796	607,794	2,804,590
Total Liabilities	13,835,494	3,532,928	17,368,422
Deferred Inflows of Resources:			
Property Taxes	2,953,417	0	2,953,417
Pension	1,483,163	94,212	1,512,154
OPEB	368,042	89,327	382,613
Total Deferred Inflows of Resources	4,804,622	183,539	4,848,184
Net Position:			
Net Investment in Capital Assets	7,523,455	476,462	7,999,917
Restricted For			
Other Purposes	163,729	0	163,729
Unrestricted (Deficit)	(2,295,967)	(2,669,043)	(4,965,010)
Total Net Positon (Deficit)	$5,391,217	($2,192,581)	$3,198,636

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

See Accompanying Notes to Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	$91,195	$0	$0
Special	322,761	0	302,034
Vocational	2,446,723	590,918	1,437,225
Adult/Continuing	116,585	0	52,139
Support Services:			
Pupils	235,383	0	0
Instructional Staff	465,321	0	0
Board of Education	213,366	0	0
Administration	253,043	439,467	0
Fiscal	477,729	0	0
Business	128,693	0	0
Operation and Maintenance of Plant	1,158,900	0	0
Pupil Transportation	25,893	0	0
Central	548,863	0	0
Non-Instructional Services	5,787	0	0
Extracurricular Activities	44,547	0	0
Interest and Fiscal Charges	31,537	0	0
Total Governmental Activities	6,566,326	1,030,385	1,791,398
Business-Type Activities:			
Adult Education	1,137,379	2,096,172	212,686
Other Enterprise Funds			
Food Service	241,313	82,579	114,949
Rotary	35,959	74,422	0
Total Other Enterprise Funds	277,272	157,001	114,949
Total Business-Type Activities	1,414,651	2,253,173	327,635
Total	$7,980,977	$3,283,558	$2,119,033

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 - Restated (Note 3)
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
($91,195)	$0	($91,195)
(20,727)	0	(20,727)
(418,580)	0	(418,580)
(64,446)	0	(64,446)
(235,383)	0	(235,383)
(465,321)	0	(465,321)
(213,366)	0	(213,366)
186,424	0	186,424
(477,729)	0	(477,729)
(128,693)	0	(128,693)
(1,158,900)	0	(1,158,900)
(25,893)	0	(25,893)
(548,863)	0	(548,863)
(5,787)	0	(5,787)
(44,547)	0	(44,547)
(31,537)	0	(31,537)
(3,744,543)	0	(3,744,543)
0	1,171,479	1,171,479
0	(43,785)	(43,785)
0	38,463	38,463
0	(5,322)	(5,322)
0	1,166,157	1,166,157
(3,744,543)	1,166,157	(2,578,386)
4,277,097	0	4,277,097
4,805,128	0	4,805,128
39,573	0	39,573
142,224	5,013	147,237
9,264,022	5,013	9,269,035
(30,965)	30,965	0
9,233,057	35,978	9,269,035
5,488,514	1,202,135	6,690,649
(97,297)	(3,394,716)	(3,492,013)
$5,391,217	($2,192,581)	$3,198,636

Tri-Rivers Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2018

	General	Other Governmental	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	$7,164,562	$215,346	$7,379,908
Accounts Receivable	3,426	0	3,426
Intergovernmental Receivable	22,211	58,639	80,850
Interfund Receivable	232,647	0	232,647
Prepaid Items	4,565	0	4,565
Materials and Supplies Inventory	64,336	0	64,336
Property Taxes Receivable	4,714,691	0	4,714,691
Total Assets	$12,206,438	$273,985	$12,480,423
Liabilities:			
Accounts Payable	$43,828	$934	$44,762
Contracts Payable	266,475	0	266,475
Accrued Wages and Benefits Payable	470,010	0	470,010
Matured Compensated Absences Payable	11,057	0	11,057
Intergovernmental Payable	86,985	231	87,216
Interfund Payable	66,966	58,639	125,605
Special Termination Benefits Payable	15,000	0	15,000
Total Liabilities	960,321	59,804	1,020,125
Deferred Inflows of Resources:			
Property Taxes	2,953,417	0	2,953,417
Unavailable Revenue	399,059	0	399,059
Total Deferred Inflows of Resources	3,352,476	0	3,352,476
Fund Balances:			
Nonspendable	68,901	0	68,901
Restricted	0	214,181	214,181
Commited	109,471	0	109,471
Assigned	446,485	0	446,485
Unassigned	7,268,784	0	7,268,784
Total Fund Balances	7,893,641	214,181	8,107,822
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$12,206,438	$273,985	$12,480,423

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, 2018

Total Governmental Fund Balances		$8,107,822
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.		8,665,349
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		399,059
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.		(2,101)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Loans Payable	(34,807)	
Notes Payable	(1,047,090)	
Compensated Absences Payable	(313,112)	
Capital Leases Payable	(110,449)	
		(1,505,458)
The net pension liability and net OPEB liability are not due, and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	2,913,925	
Deferred Outflows - OPEB	97,241	
Deferred Inflows - Pension	(1,483,163)	
Deferred Inflows - OPEB	(368,042)	
Net Pension Liability	(9,236,619)	
Net OPEB Liability	(2,196,796)	
		(10,273,454)
Net Position of Governmental Activities		$5,391,217

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, 2018

	General	Other Governmental	Total Governmental Funds
Revenues:			
Property Taxes	$4,328,457	$0	$4,328,457
Intergovernmental	5,922,159	583,942	6,506,101
Interest	39,573	0	39,573
Charges for Services	632,270	0	632,270
Tuition and Fees	240,543	0	240,543
Rent	157,572	0	157,572
Gifts and Donations	0	90,425	90,425
Other	142,224	0	142,224
Total Revenues	11,462,798	674,367	12,137,165
Expenditures:			
Current:			
Instruction:			
Regular	288,100	0	288,100
Special	322,761	0	322,761
Vocational	3,760,429	277,367	4,037,796
Adult/Continuing	0	152,794	152,794
Support Services:			
Pupils	346,107	105,595	451,702
Instructional Staff	518,485	8,924	527,409
Board of Education	213,613	0	213,613
Administration	945,104	13,083	958,187
Fiscal	468,219	0	468,219
Business	120,408	0	120,408
Operation and Maintenance of Plant	1,283,238	0	1,283,238
Pupil Transportation	21,943	0	21,943
Central	473,563	64,005	537,568
Non-Instructional Services	5,864	0	5,864
Extracurricular Activities	44,547	0	44,547
Capital Outlay	590,893	0	590,893
Debt Service:			
Principal Retirement	169,649	116,830	286,479
Interest and Fiscal Charges	4,678	27,443	32,121
Total Expenditures	9,577,601	766,041	10,343,642
Excess of Revenues Over (Under) Expenditures	1,885,197	(91,674)	1,793,523
Other Financing Sources (Uses):			
Transfers In	898	144,245	145,143
Transfers Out	(176,108)	0	(176,108)
Total Other Financing Sources (Uses)	(175,210)	144,245	(30,965)
Changes in Fund Balances	1,709,987	52,571	1,762,558
Fund Balances at Beginning of Year	6,183,654	161,610	6,345,264
Fund Balances at End of Year	$7,893,641	$214,181	$8,107,822

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, 2018

Changes in Fund Balances - Total Governmental Funds		$1,762,558
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.		
Non-Depreciable Capital Assets	266,475	
Depreciable Capital Assets	229,503	
Depreciation	(623,939)	
		(127,961)
The book value 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.		(132,283)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent Property Taxes		(51,360)
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	143,398	
Notes Payable	116,830	
Capital Leases Payable	26,251	
		286,479
Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position.		584
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.		(40,792)
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension Expense	3,731,607	
OPEB Expense	381,030	
Business-Type Activities - Pension	(889,082)	
Business-Type Activities - OPEB	(90,676)	
		3,132,879
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		
Contributions Subsequent to the Measurement Date - Pension	833,323	
Contributions Subsequent to the Measurement Date - OPEB	21,393	
Business-Type Activities - Pension	(187,599)	
Business-Type Activities - OPEB	(8,707)	
		658,410
Change in Net Position of Governmental Activities		$5,488,514

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, 2018

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues:				
Property Taxes	$4,095,778	$4,253,954	$4,254,049	$95
Intergovernmental	5,987,225	5,922,159	5,922,159	0
Interest	4,555	39,573	39,573	0
Charges for Services	386,973	631,338	631,338	0
Tuition and Fees	219,247	239,293	240,543	1,250
Rent	128,612	158,672	158,672	0
Other	99,806	106,878	105,533	(1,345)
Total Revenues	10,922,196	11,351,867	11,351,867	0
Expenditures:				
Current:				
Instruction:				
Regular	309,717	480,785	286,508	194,277
Special	322,761	322,761	322,761	0
Vocational	4,479,012	6,750,072	3,835,647	2,914,425
Support Services:				
Pupils	466,610	627,580	378,391	249,189
Instructional Staff	487,508	849,284	506,372	342,912
Board of Education	248,361	411,658	274,263	137,395
Administration	1,049,664	1,596,703	954,632	642,071
Fiscal	586,957	785,488	468,086	317,402
Business	140,717	218,053	136,439	81,614
Operation and Maintenance of Plant	1,556,957	2,319,820	1,407,319	912,501
Pupil Transportation	16,344	36,822	21,943	14,879
Central	580,584	820,100	490,871	329,229
Non-Instructional Services	6,965	9,840	5,864	3,976
Extracurricular Activities	686	44,614	44,547	67
Capital Outlay	638,058	1,234,820	1,010,634	224,186
Debt Service:				
Principal Retirement	143,398	143,398	143,398	0
Interest and Fiscal Charges	2,168	2,168	2,168	0
Total Expenditures	11,036,467	16,653,966	10,289,843	6,364,123
Excess of Revenues Over (Under) Expenditures	(114,271)	(5,302,099)	1,062,024	6,364,123
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	14,373	25,296	25,296	0
Advances In	334,041	664,744	664,744	0
Advances Out	(332,372)	(174,008)	(174,008)	0
Transfers In	0	898	898	0
Transfers Out	(103,740)	(176,108)	(176,108)	0
Total Other Financing Sources (Uses)	(87,698)	340,822	340,822	0
Changes in Fund Balance	(201,969)	(4,961,277)	1,402,846	6,364,123
Fund Balance at Beginning of Year	4,690,534	4,690,534	4,690,534	0
Prior Year Encumbrances Appropriated	270,743	270,743	270,743	0
Fund Balance at End of Year	$4,759,308	$0	$6,364,123	$6,364,123

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Fund Net Position
Enterprise Funds
June 30, 2018

	Adult Education	Other Enterprise	Total Enterprise Funds
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	$41,637	$44,903	$86,540
Accounts Receivable	15,148	440	15,588
Intergovernmental Receivable	10,684	0	10,684
Interfund Receivable	66,966	0	66,966
Inventory Held for Resale	0	1,987	1,987
Materials and Supplies Inventory	0	601	601
Total Current Assets	134,435	47,931	182,366
Non-Current Assets:			
Depreciable Capital Assets, Net	410,683	88,781	499,464
Total Assets	545,118	136,712	681,830
Deferred Outflows of Resources:			
Pension	1,136,179	95,732	1,231,911
OPEB	97,043	7,732	104,775
Total Deferred Outflows of Resources	1,233,222	103,464	1,336,686
Liabilities:			
Current Liabilities:			
Accounts Payable	4,360	0	4,360
Accrued Wages and Benefits Payable	69,857	11,327	81,184
Intergovernmental Payable	21,910	7,213	29,123
Interfund Payable	174,008	0	174,008
Compensated Absences Payable	2,571	0	2,571
Capital Leases Payable	5,578	0	5,578
Total Current Liabilities	278,284	18,540	296,824
Non-Current Liabilities:			
Compensated Absences Payable	58,238	7,731	65,969
Capital Leases Payable	17,424	0	17,424
Net Pension Liability	2,538,951	179,974	2,718,925
Net OPEB Liability	501,103	106,691	607,794
Total Non-Current Liabilities	3,115,716	294,396	3,410,112
Total Liabilities	3,394,000	312,936	3,706,936
Deferred Inflows of Resources:			
Pension	307,780	86,397	394,177
OPEB	58,348	51,636	109,984
Total Deferred Inflows of Resources	366,128	138,033	504,161
Net Position:			
Net Investment in Capital Assets	387,681	88,781	476,462
Unrestricted (Deficit)	(2,369,469)	(299,574)	(2,669,043)
Total Net Position (Deficit)	($1,981,788)	($210,793)	($2,192,581)

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, 2018

	Adult Education	Other Enterprise	Total Enterprise Funds
Operating Revenues:			
Charges for Services	$2,096,172	$157,001	$2,253,173
Other Operating Revenues	4,787	226	5,013
Total Operating Revenues	2,100,959	157,227	2,258,186
Operating Expenses:			
Salaries	575,666	81,013	656,679
Fringe Benefits	0	38,721	38,721
Purchased Services	169,143	13,052	182,195
Materials and Supplies	368,081	37,036	405,117
Cost of Sales	0	102,066	102,066
Other Operating Expenses	183	0	183
Depreciation	23,783	5,384	29,167
Total Operating Expenses	1,136,856	277,272	1,414,128
Operating Income (Loss)	964,103	(120,045)	844,058
Non-Operating Revenues (Expenses)			
Grants	212,686	114,949	327,635
Interest Expense	(523)	0	(523)
Transfers In	0	31,863	31,863
Transfers Out	0	(898)	(898)
Total Non-Operating Revenues (Expenses)	212,163	145,914	358,077
Changes in Net Position	1,176,266	25,869	1,202,135
Net Position (Deficit) at Beginning of Year - Restated (Note 3)	(3,158,054)	(236,662)	(3,394,716)
Net Position (Deficit) at End of Year	($1,981,788)	($210,793)	($2,192,581)

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, 2018

	Adult Education	Other Enterprise	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	$2,157,139	$156,561	$2,313,700
Cash Received from Other Revenues	4,787	226	5,013
Cash Payments for Salaries	(1,358,270)	(79,648)	(1,437,918)
Cash Payments for Fringe Benefits	(361,840)	(34,238)	(396,078)
Cash Payments for Goods and Services	(535,784)	(177,518)	(713,302)
Cash Payments for Other Expenses	(183)	0	(183)
Net Cash Used for Operating Activities	(94,151)	(134,617)	(228,768)
Cash Flows from Noncapital Financing Activities:			
Cash Received from Grants	212,686	114,949	327,635
Cash Received from Advances In	174,008	0	174,008
Cash Payments for Advances Out	(250,753)	0	(250,753)
Cash Received from Transfers In	0	31,863	31,863
Cash Payments for Transfers Out		(898)	(898)
Net Cash Provided by Noncapital Financing Activities	135,941	145,914	281,855
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Capital Leases	(5,467)	0	(5,467)
Interest Paid on Capital Leases	(523)	0	(523)
Net Cash Used for Capital and Related Financing Activities	(5,990)	0	(5,990)
Net Increase in Cash and Cash Equivalents	35,800	11,297	47,097
Cash and Cash Equivalents at Beginning of Year	5,837	33,606	39,443
Cash and Cash Equivalents at End of Year	$41,637	$44,903	$86,540
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	$964,103	($120,045)	$844,058
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	23,783	5,384	29,167
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	35,210	(440)	34,770
Increase in Intergovernmental Receivable	15,730	0	15,730
Increase in Interfund Receivable	10,027	0	10,027
Increase in Inventory Held for Resale	0	452	452
Increase in Materials and Supplies Inventory	0	238	238
Increase in Accounts Payable	1,440	0	1,440
Increase in Accrued Wages and Benefits Payable	3,459	456	3,915
Increase (Decrease) in Intergovernmental Payable	(2,098)	132	(1,966)
Increase in Compensated Absences Payable	8,517	948	9,465
Increase in Net Pension Liability	(1,154,449)	(27,848)	(1,182,297)
Decrease in Deferred Outflows - Pension	389,864	69,529	459,393
Decrease in Deferred Inflows - Pension	(301,438)	(52,339)	(353,777)
Increase (Decrease) in Net OPEB Liability	(96,383)	8,402	(87,981)
Decrease in Deferred Outflows - OPEB	21,624	(809)	20,815
Decrease in Deferred Inflows - OPEB	(13,540)	(18,677)	(32,217)
Net Cash Used for Operating Activities	($94,151)	($134,617)	($228,768)

See Accompanying Notes to the Basic Financial Statements

Tri-Rivers Joint Vocational School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	$80,903	$21,777
Notes Receivable	3,434	0
Total Assets	84,337	$21,777
Liabilities:		
Undistributed Assets	0	$4,567
Due to Students	0	17,210
Total Liabilities	0	$21,777
Net Position:		
Held in Trust for Scholarships	34,086	
Endowments	50,251	
Total Net Position	$84,337	

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, 2018

Additions:	
Gifts and Donations	$399
Deductions:	
Non-Instructional Services	959
Change in Net Position	(560)
Net Position at Beginning of Year	84,897
Net Position at End of Year	$84,337

See Accompanying Notes to the Basic Financial Statements

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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-four classified employees, forty certified teaching personnel, and seven administrative employees who provide services to 437 students and other community members. The School District currently operates an instruction/administration building.

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

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 fund is the General 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.

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources consists of property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 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. This amount is deferred and recognized as an inflow of resources in the period when the amount becomes available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 17. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and explained in Note 14 and Note 15 to the basic financial statements.

Expenses/Expenditures

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 2018, the School District invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The School District measures the investment in STAR Ohio at net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Note 2 - Summary of Significant Accounting Policies (continued)

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million requiring the excess amount to be transacted the following business day(s) but only to the $100 million limit. All accounts of the participant will be combined for this purpose.

The Board of Education has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2018 was $39,573 which includes $1,310 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Lives
Land Improvements	10 years
Buildings and Building Improvements	20 - 65 years
Furniture, Fixtures, and Equipment	7 - 30 years
Vehicles	5 - 10 years

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, net pension/OPEB 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.

M. Net Position

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

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

N. Fund Balance

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

O. Operating Revenues and Expenses

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

P. Interfund Transactions

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Q. Pension/Other Postemployment Benefits

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

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 and Restatement on Net Position

For fiscal year 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", Statement No. 85, "Omnibus 2017", and related guidance from GASB Implementation Guide No. 2017-3, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

For fiscal year 2018, the School District also implemented GASB Implementation Guide No. 2017-1. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The implementation of this statement had the following effect on net position as previously reported.

	Governmental Activities	Adult Education	Other Enterprise	Total Business-Type Activities
Net Position June 30, 2017	$2,673,340	($2,607,347)	($74,983)	($2,682,330)
Net OPEB Liability	(2,782,458)	(553,254)	(168,602)	(721,856)
Deferred Outflows - Payments Subsequent to the Measurement Date	11,821	2,547	6,923	9,470
Restated Net Position June 30, 2017	($97,297)	($3,158,054)	($236,662)	($3,394,716)

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

Note 3 - Change in Accounting Principles and Restatement on Net Position (continued)

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Accountability

A. Accountability

At June 30, 2018, the Adult Education, Food Service, and Rotary enterprise funds had a deficit net position, in the amount of $1,981,788, $186,231, and $24,562, respectively, resulting from recording the net pension/OPEB liability. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

For the fiscal year ended June 30, 2018, the VEPD special revenue fund had expenditures in excess of appropriations, in the amount of $58,639. The Treasurer will monitor expenditures to ensure they are within amounts appropriated.

Note 5 - Budgetary Basis of Accounting

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

Note 5 - Budgetary Basis of Accounting (continued)

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

Changes in Fund Balance

GAAP Basis	$1,709,987
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2017, Received in Cash FY 2018	1,302,217
Accrued FY 2018, Not Yet Received in Cash	(1,387,852)
Expenditure Accruals:	
Accrued FY 2017, Paid in Cash FY 2018	(815,008)
Accrued FY 2018, Not Yet Paid in Cash	960,321
Prepaid Items	953
Materials and Supplies Inventory	570
Advances In	664,744
Advances Out	(174,008)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(859,078)
Budget Basis	$1,402,846

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.

Note 6 - Deposits and Investments (continued)

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

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

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

3. Written repurchase agreements in the securities listed above;

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 a 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 June 30, 2018, the School District was not exposed to custodial credit risk. The School District's financial institution participated in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent; however, none of the School District's deposits were uninsured or uncollateralized.

Note 6 - Deposits and Investments (continued)

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured or by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2018, the net asset value of funds on deposit with STAR Ohio was $6,031,503. The School District's investment in STAR Ohio had an average maturity of 48.9 days. STAR Ohio carries a rating of AAA by Standards and Poor's. The School District has no policy regarding interest rate or credit risk beyond the requirements of State statue. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 7 - Receivables

Receivables at June 30, 2018, consisted of accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, property taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes and a portion of notes, are considered collectible within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable are repaid according to payment schedules made with the various students. A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Bureau of Workers' Compensation	$9,931
Ohio Department of Education	11,348
Marion City School District	932
Total General Fund	22,211
VEPD	
Carl D. Perkins Grant	58,639
Total Governmental Activities	$80,850
Business-Type Activity	
Adult Education	$10,684

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 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, 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 2018 represent the collection of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, 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, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2018, 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, 2018, was $1,362,215 in the General Fund. The amount available as an advance at June 30, 2017, was $1,287,807 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.

Note 8 - Property Taxes (continued)

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$1,849,389,980	93.85%	$1,869,479,620	93.41%
Public Utility	121,137,900	6.15	131,927,380	6.59
Total Assessed Value	$1,970,527,880	100.00%	$2,001,407,000	100.00%
Tax rate per $1,000 of assessed valuation	$4.40		$4.40	

Note 9 - Tax Abatements

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

Overlapping Government	Amount of Fiscal Year 2017 Taxes Abated
Community Reinvestment Area	
City of Marion	$4,189
Marion County	39,255
Enterprise Zone	
Marion County	3,594
	$47,038

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18
Governmental Activities				
Nondepreciable Capital Assets				
Land	$241,082	$0	$0	$241,082
Construction in Progress	0	266,475	0	266,475
Total Nondepreciable Capital Assets	241,082	266,475	0	507,557

(continued)

Note 10 - Capital Assets (continued)

	Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18
Governmental Activities (continued)				
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	4,672,981	195,729	(242,932)	4,625,778
Vehicles	244,038	33,774	(35,413)	242,399
Total Depreciable Capital Assets	16,318,760	229,503	(278,345)	16,269,918
Less Accumulated Depreciation				
Land Improvements	(412,591)	0	0	(412,591)
Buildings and Building Improvements	(5,586,459)	(262,845)	0	(5,849,304)
Furniture, Fixtures, and Equipment	(1,506,427)	(339,793)	118,944	(1,727,276)
Vehicles	(128,772)	(21,301)	27,118	(122,955)
Total Accumulated Depreciation	(7,634,249)	(623,939)	146,062	(8,112,126)
Depreciable Capital Assets, Net	8,684,511	(394,436)	(132,283)	8,157,792
Governmental Activities Capital Assets, Net	$8,925,593	($127,961)	($132,283)	$8,665,349

	Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	$984,388	$0	$0	$984,388
Furniture, Fixtures, and Equipment	76,871	0	(10,931)	65,940
Total Depreciable Capital Assets	1,061,259	0	(10,931)	1,050,328
Less Accumulated Depreciation				
Buildings and Building Improvements	(508,724)	(23,122)	0	(531,846)
Furniture, Fixtures, and Equipment	(23,904)	(6,045)	10,931	(19,018)
Total Accumulated Depreciation	(532,628)	(29,167)	10,931	(550,864)
Business-Type Activities Capital Assets, Net	$528,631	($29,167)	$0	$499,464

Note 10 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$545,457
Support Services:	
Pupils	3,790
Instructional Staff	4,286
Administration	5,985
Fiscal	2,143
Business	6,429
Operation and Maintenance of Plant	25,240
Pupil Transportation	16,439
Central	14,170
Total Depreciation Expense	$623,939

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	$5,384

Note 11 - Interfund Assets/Liabilities

At June 30, 2018, the General Fund had an interfund receivable, in the amount of $232,647; $58,639 to provide cash flow resources to other governmental funds and $174,008 to the Adult Education enterprise fund to support operations. The Adult Education enterprise fund had an interfund receivable, in the amount of $66,966, for services provided to the General Fund. All amounts are expected to be repaid within one year.

Note 12 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, 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	$40,080,289
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.

Note 12 - Risk Management (continued)

For fiscal year 2018, 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.

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 13 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2019 are as follows:

General Fund	$859,078

Note 14 - Defined Benefit Pension Plans

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

Net Pension Liability

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

Note 14 - Defined Benefit Pension Plans (continued)

The net pension/OPEB liability represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability 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 and OPEB.

GASB Statements No. 68 and No. 75 assume the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the amortization period exceeds thirty years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide health care to eligible benefit recipients.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - School District nonteaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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.

Note 14 - Defined Benefit Pension Plans (continued)

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.

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, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $230,353 for fiscal year 2018. 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.

Note 14 - Defined Benefit Pension Plans (continued)

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. Effective July 1, 2017, the cost of living adjustment was reduced to zero. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-six years of service credit, or thirty-one years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty.

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.

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate goes to the DCP and the remaining 2 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 after termination of employment at age fifty or later.

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 to 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, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

Note 14 - Defined Benefit Pension Plans (continued)

The School District's contractually required contribution to STRS was $602,970 for fiscal year 2018. Of this amount, $95,641 is reported as an intergovernmental payable.

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, 2017, 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	0.04942690%	0.03925362%	
Proportion of the Net Pension Liability Current Measurement Date	0.05020430%	0.03770097%	
Change in Proportionate Share	0.00077740%	0.00155265%	
Proportionate Share of the Net Pension Liability	$2,999,598	$8.955,946	$11,955,544
Pension Expense	$126,185	($3,857,792)	($3,731,607)

At June 30, 2018, 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	$129,092	$345,837	$474,929
Changes of Assumptions	155,111	1,958,764	2,113,875
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	358,523	0	358,523
School District Contributions Subsequent to the Measurement Date	230,353	602,970	833,323
Total Deferred Outflows of Resources	$873,079	$2,907,571	$3,780,650
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	$0	$72,181	$72,181
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,238	295,557	309,795
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	0	1,130,178	1,130,178
Total Deferred Inflows of Resources	$14,238	$1,497,916	$1,512,154

Note 14 - Defined Benefit Pension Plans (continued)

$833,323 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, 2019. 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,			
2019	$371,355	$82	$371,437
2020	272,160	402,139	674,299
2021	54,898	341,889	396,787
2022	(69,925)	62,575	(7,350)
Total	$628,488	$806,685	$1,435,173

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of June 30, 2017, are presented below.

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

Note 14 - Defined Benefit Pension Plans (continued)

Prior to 2017, an assumption of 3 percent was used for COLA and Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. Mortality among service retired members and beneficiaries were based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates. Mortality among disabled members was based on the RP-2000 Disabled Mortality Table; 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015. The long-term return expectation for the pension plan investments has been determined using a building-block approach and assumes a time horizon as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
U.S. Stocks	22.50	4.75
Non-U.S. Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00%	

Discount Rate - The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Note 14 - Defined Benefit Pension Plans (continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's Proportionate Share of the Net Pension Liability	$4,162,660	$2,999,598	$2,025,293

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the July 1, 2017, actuarial valuation compared with July 1, 2016, are presented below.

	July 1, 2017	July 1, 2016
Inflation	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0 percent effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

For the July 1, 2017, actuarial valuation, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using Mortality Improvement Scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table projected forward generationally using Mortality Improvement Scale MP-2016.

For the July 1, 2016, actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males ages were set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty were set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study for the period July 2, 2011, through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience effective July 1, 2012.

Note 14 - Defined Benefit Pension Plans (continued)

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	$12,838,044	$8,955,946	$5,685,861

Note 14 - Defined Benefit Pension Plans (continued)

Social Security

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, 2018, six of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

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

School Employees Retirement System (SERS)

Plan Description - The School District contributes to the SERS Health Care Fund administered by SERS for nonteaching retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. The SERS Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need ten years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of sixty-five and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by State statute. The financial report of the Plan is included in the SERS 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). The SERS Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Note 15 - Postemployment Benefits (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount; prorated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. 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 2018, the School District's surcharge obligation was $12,861.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $21,393 for fiscal year 2018. Of this amount, $12,861 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing health care plan for eligible retirees who participated in the defined benefit and combined pension plans offered by STRS. Ohio law authorizes STRS to offer the plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. 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, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to postemployment health care.

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Note 15 - Postemployment Benefits (continued)

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.04929250%	0.03925362%	
Proportion of the Net OPEB Liability Current Measurement Date	0.04969330%	0.03770097%	
Change in Proportionate Share	0.00040080%	0.00155265%	
Proportionate Share of the Net OPEB Liability	$1,333,637	$1,470,953	$2,804,590
OPEB Expense	$79,687	($460,717)	($381,030)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	$0	$84,912	$84,912
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	298	0	298
School District Contributions Subsequent to the Measurement Date	21,393	0	21,393
Total Deferred Outflows of Resources	$21,691	$84,912	$106,603
Deferred Inflows of Resources			
Changes of Assumptions	$126,555	$118,490	$245,045
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,522	62,872	66,394
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	0	71,174	71,174
Total Deferred Inflows of Resources	$130,077	$252,536	$382,613

Note 15 - Postemployment Benefits (continued)

$21,393 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	SERS	STRS	Total
Fiscal Year Ended June 30,			
2019	($46,626)	($33,177)	($79,803)
2020	(46,626)	(33,177)	(79,803)
2021	(35,647)	(33,177)	(68,824)
2022	(880)	(33,177)	(34,057)
2023	0	(17,459)	(17,459)
2024	0	(17,457)	(17,457)
Total	($129,779)	($167,624)	($297,403)

Actuarial Assumptions - SERS

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

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

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

Note 15 - Postemployment Benefits (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below.

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense including inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.5 to 5 percent
Pre-Medicare	7.5 to 5 percent

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

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

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

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

Note 15 - Postemployment Benefits (continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017, was 3.63 percent. The discount rate used to measure the total OPEB liability prior to June 30, 2017, was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the retirement system at the State statute contribution rate of 2 percent of projected covered employee payroll each year which includes a 1.5 percent payroll surcharge and .5 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation Twenty-Year Municipal Bond Index Rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rate - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS and what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63 percent) or one percentage point higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.5 percent decreasing to 4 percent) and one percentage point higher (8.5 percent decreasing to 6 percent) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	$1,610,537	$1,333,637	$1,114,262

	1% Decrease (6.5% Decreasing to 4%)	Current Trend Rate (7.53% Decreasing to 5%)	1% Increase (8.5% Decreasing to 6%)
School District's Proportionate Share of the Net OPEB Liability	$1,082,147	$1,333,637	$1,666,490

<u>Note 15 - Postemployment Benefits</u> (continued)

<u>Actuarial Assumptions - STRS</u>

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below.

Inflation	2.5 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Payroll Increases	3 percent
Cost of Living Adjustments (COLA)	0 percent effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B reimbursements was extended to January 2020.

Note 15 - Postemployment Benefits (continued)

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

Discount Rate - The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the Health Care Fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036, and the Bond Buyer Twenty-Year Municipal Bond Rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer Twenty-Year Municipal Bond Rate of 3.58 percent for the unfunded benefit payments was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long-term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer Twenty-Year Municipal Bond Rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rate - The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.16%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	$1,974,730	$1,470,953	$1,072,804

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$1,021,955	$1,470,953	$2,061,886

Note 16 - Other Employee Benefits

A. Compensated Absences

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

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

B. Health Care Benefits

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

C. Separation Benefits

The School District offers a separation benefit of $15,000 to teachers under the TREA Bargaining Unit who retire during the summer of their first year of eligibility or who retire during the summer after they first attain 30 years of STRS service credit at any age. At June 30, 2018, the School District had a liability for separation benefits of $15,000.

Note 17 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2018 were as follows:

	Restated Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18	Amounts Due Within One Year
Governmental Activities					
General Obligations					
Equipment Loan 3.10%	$40,271	$0	$40,271	$0	$0
Equipment Loan 1.87%	137,934	0	103,127	34,807	34,807
Energy Conservation Notes FY 2013 2.65%	853,920	0	66,830	787,090	68,600
Equipment Acquisition Notes FY 2013 2.00%	310,000	0	50,000	260,000	50,000
Total General Obligations	1,342,125	0	260,228	1,081,897	153,407
Net Pension Liability					
SERS	3,002,600	0	482,939	2,519,661	0
STRS	10,380,103	0	3,663,145	6,716,958	0
Total Net Pension Liability	13,382,703	0	4,146,084	9,236,619	0
Net OPEB Liability					
SERS	1,124,016	0	30,434	1,093,582	0
STRS	1,658,442	0	555,228	1,103,214	0
Total Net OPEB Liability	2,782,458	0	585,662	2,196,796	0
Compensated Absences Payable	272,320	65,157	24,365	313,112	31,509
Capital Leases Payable	136,700	0	26,251	110,449	26,785
Total Governmental Activities Long-Term Obligations	$17,916,306	$65,157	$5,042,590	$12,938,873	$211,701
Business-Type Activities					
Net Pension Liability					
SERS	$614,992	$0	$135,055	$479,937	$0
STRS	2,759,267	0	520,279	2,238,988	0
Total Net Pension Liability	3,374,259	0	655,334	2,718,925	0
Net OPEB Liability					
SERS	281,004	0	40,949	240,055	0
STRS	440,852	0	73,113	367,739	0
Total Net OPEB Liability	721,856	0	114,062	607,794	0
Compensated Absences Payable	59,075	11,106	1,641	68,540	2,571
Capital Leases Payable	28,469	0	5,467	23,002	5,578
Total Business-Type Activities Long-Term Obligations	$4,183,659	$11,106	$776,504	$3,418,261	$8,149

Note 17 - 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.

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.

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

Compensated absences will be paid from the General Fund and the 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 $167,958,359 with an unvoted debt margin of $1,869,480 at June 30, 2018.

Principal requirements to retire the general obligation debt outstanding at June 30, 2018, were as follows:

	Loans Payable		Notes Payable	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2019	$34,807	$135	$118,600	$24,649
2020	0	0	120,420	21,807
2021	0	0	122,290	18,916
2022	0	0	129,200	15,925
2023	0	0	131,170	12,833
2024-2028	0	0	425,410	29,453
	$34,807	$135	$1,047,090	$123,583

Note 18 - 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 2018 were $26,251 for governmental funds and $5,467 for enterprise funds.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	$136,700	$28,469
Less Accumulated Depreciation	(19,367)	(4,033)
Total June 30, 2018	$117,333	$24,436

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, 2018.

	Governmental Activities		Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2019	$26,785	$1,977	$5,578	$412
2020	27,328	1,433	5,692	298
2021	27,884	878	5,807	183
2022	28,452	312	5,925	65
Total	$110,449	$4,600	$23,002	$958

Note 19 - Set Asides

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

The following cash basis information identifies the change in the fund balance set aside for capital improvements during fiscal year 2018.

	Capital Improvements
Balance June 30, 2017	$0
Current Year Set Aside Requirement	66,514
Qualifying Expenditures	(66,514)
Balance June 30, 2018	$0

Note 20 - Interfund Transfers

During fiscal year 2018, the General Fund made transfers to other governmental funds, in the amount of $144,245, as debt payments came due, and to other enterprise funds, in the amount of $31,863, to support the operation of these funds. Other enterprise funds made transfers to the General Fund, in the amount of $898, for services provided.

Note 21 - Fund Balance

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

Fund Balance	General	Other Governmental	Total Governmental Funds
Nonspendable for:			
Prepaid Items	$4,565	$0	$4,565
Materials and Supplies Inventory	64,336	0	64,336
Total Nonspendable	68,901	0	68,901
Restricted for:			
Adult Education	0	9,846	9,846
Capital Improvements	0	50,452	50,452
Career Development	0	211	211
Professional Development	0	5,839	5,839
Student Assistance	0	8,595	8,595
Vocational Instruction	0	139,238	139,238
Total Restricted	0	214,181	214,181
Committed for:			
Capital Improvements	109,471	0	109,471
Assigned for:			
Unpaid Obligations	446,309	0	446,309
Wellness Activities	176	0	176
Total Assigned	446,485	0	446,485
Unassigned	7,268,784	0	7,268,784
Total Fund Balance	$7,893,641	$214,181	$8,107,822

Note 22 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of $50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is $34,086 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide scholarships each year.

Note 23 - Jointly Governed Organization

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an association of public school districts within the boundaries of Athens, Crawford, Delaware, Erie, Franklin, Knox, Licking, Lorain, Marion, Morrow, Muskingum, Union, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META consists of twelve members of participating school districts. During fiscal year 2018, the School District paid $17,640 to META for various services. Financial information can be obtained from META, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

Note 24 - Insurance Pools

A. Schools of Ohio Risk Sharing Authority

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

Note 24 - 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 25 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

Note 25 - Contingencies (continued)

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2018, 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 Five Fiscal Years (1)

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.05020430%	0.04942690%	0.04406660%	0.03282400%	0.03282400%
School District's Proportionate Share of the Net Pension Liability	$2,999,598	$3,617,592	$2,514,483	$1,661,204	$1,951,938
School District's Employee Payroll	$1,562,486	$1,535,014	$1,326,646	$902,107	$963,733
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	191.98%	235.67%	189.54%	184.15%	202.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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 Five Fiscal Years (1)

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.03770097%	0.03925362%	0.04161338%	0.04458141%	0.04458141%
School District's Proportionate Share of the Net Pension Liability	$8,955,946	$13,139,370	$11,500,721	$10,843,742	$12,916,994
School District's Employee Payroll	$4,101,929	$4,117,700	$4,295,700	$4,552,469	$4,512,846
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	218.33%	319.09%	267.73%	238.19%	286.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.04969330%	0.04929250%
School District's Proportionate Share of the Net OPEB Liability	$1,333,637	$1,405,020
School District's Employee Payroll	$1,562,486	$1,535,014
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	85.35%	91.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.03770097%	0.03925362%
School District's Proportionate Share of the Net OPEB Liability	$1,470,953	$2,099,294
School District's Employee Payroll	$4,101,929	$4,117,700
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	35.86%	50.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$230,353	$218,748	$214,902	$174,852
Contributions in Relation to the Contractually Required Contribution	(230,353)	(218,748)	(214,902)	(174,852)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Employee Payroll (1)	$1,706,319	$1,562,486	$1,535,014	$1,326,646
Pension Contributions as a Percentage of Employee Payroll	13.50%	14.00%	14.00%	13.18%
Net OPEB Liability				
Contractually Required Contribution (2)	$21,393	$21,291	$21,526	$27,358
Contributions in Relation to the Contractually Required Contribution	(21,393)	(21,291)	(21,526)	(27,358)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Employee Payroll	1.25%	1.36%	1.40%	2.06%
Total Contributions as a Percentage of Employee Payroll (2)	14.75%	15.36%	15.40%	15.24%

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

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
$125,032	$133,381	$130,631	$119,942	$123,229	$121,205
(125,032)	(133,381)	(130,631)	(119,942)	(123,229)	(121,205)
$0	$0	$0	$0	$0	$0
$902,107	$963,733	$971,236	$954,191	$910,110	$1,231,760
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$11,236	$11,663	$19,238	$27,222	$17,931	$69,827
(11,236)	(11,663)	(19,238)	(27,222)	(17,931)	(69,827)
$0	$0	$0	$0	$0	$0
1.25%	1.21%	1.98%	2.85%	1.97%	5.67%
15.11%	15.05%	15.43%	15.42%	15.51%	15.51%

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$602,970	$574,270	$576,478	$601,398
Contributions in Relation to the Contractually Required Contribution	(602,970)	(574,270)	(576,478)	(601,398)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Employee Payroll	$4,306,929	$4,101,929	$4,117,700	$4,295,700
Pension Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
$591,821	$586,670	$644,330	$647,384	$647,032	$610,881
(591,821)	(586,670)	(644,330)	(647,384)	(647,032)	(610,881)
$0	$0	$0	$0	$0	$0
$4,552,469	$4,512,846	$4,956,385	$4,979,877	$4,977,169	$4,699,085
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$5,918	$5,867	$6,443	$6,474	$6,470	$6,109
(5,918)	(5,867)	(6,443)	(6,474)	(6,470)	(6,109)
$0	$0	$0	$0	$0	$0
0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
13.13%	13.13%	13.13%	13.13%	13.13%	13.13%

Net Pension Liability

Changes in Assumptions - SERS

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

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

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

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

Changes in Assumptions - STRS

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

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

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

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

<u>Net OPEB Liability</u>

<u>Changes in Assumptions - SERS</u>

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below.

Municipal Bond Index Rate	
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense including inflation	
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

<u>Changes in Assumptions - STRS</u>

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

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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	$	23,145
National School Lunch Program	10.555		90,135
Total Child Nutrition Cluster			113,280
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**113,280**
U.S. DEPARTMENT OF EDUCATION			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063		373,219
Federal Direct Student Loans	84.268		751,684
Total Student Financial Aid Cluster			1,124,903
Passed Through the Ohio Department of Education:			
Rural Education	84.358		50,117
Passed Through the Ohio Department of Education:			
Career and Technical Education-Basic Grants to States	84.048		267,860
Passed Through Madison Local School District:			
Career and Technical Education-Basic Grants to States	84.048		76,826
Total Career and Technical Education-Basic Grants to States			344,686
TOTAL U.S. DEPARTMENT OF EDUCATION			**1,519,706**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$**	**1,632,986**

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, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the School District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

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, 2018, 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, 2018, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

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, 2018

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, Marion County, Ohio (the School District's), 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 School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the 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, Marion County, Ohio 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, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

December 13, 2018

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Financial Aid Cluster
(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

3. FINDINGS FOR FEDERAL AWARDS

None

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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 27, 2018

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