



Mary Taylor, CPA
Auditor of State

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
General Purpose External Financial Statements:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	18
Statement of Fund Net Assets – Proprietary Funds.....	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	20
Statement of Cash Flows – Proprietary Funds.....	21
Statement of Fiduciary Net Assets – Fiduciary Funds.....	22
Statement of Change in Fiduciary Net Assets – Private Purpose Trust Fund.....	23
Notes to the Basic Financial Statements.....	25
Schedule of Federal Awards Receipts and Expenditures.....	53
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	54
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55
Independent Accountants' Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	57
Schedule of Findings.....	59
Schedule of Prior Audit Findings.....	60

THIS PAGE INTENTIONALLY LEFT BLANK



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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 District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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, 2006, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2007, on our consideration of the 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards receipts and expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 23, 2007

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED**

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, 2006. 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 2006 are as follows:

Net assets for governmental activities increased \$94,851 from the prior fiscal year, which was less than 2 percent. Net assets for business-type activities increased \$67,215, or 14 percent.

General revenues were \$8,175,293 or 73 percent of all governmental activities revenues. This reflects the School District's significant dependence on property taxes and unrestricted state entitlements.

For business-type activities, 97 percent of total revenues were generated by the programs, most of which was in the form of charges for services. Operating grants increased 36 percent due to a new Early Learning Initiative Grant in the Day Care Center.

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 assets 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 assets and the statement of activities reflect how the School District did financially during fiscal year 2006. 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 assets and changes in those assets. This change in net assets 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.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(CONTINUED)**

In the statement of net assets 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, and extracurricular activities. 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, Uniform School Supplies, 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.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(CONTINUED)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2006 and fiscal year 2005:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<u>Assets</u>						
Current and Other Assets	\$6,067,267	\$6,719,304	\$407,892	\$283,549	\$6,475,159	7,002,853
Capital Assets, Net	4,345,362	4,614,454	302,042	335,773	4,647,404	4,950,227
Total Assets	<u>10,412,629</u>	<u>11,333,758</u>	<u>709,934</u>	<u>619,322</u>	<u>11,122,563</u>	<u>11,953,080</u>
<u>Liabilities</u>						
Current and Other Liabilities	4,440,631	5,361,724	110,113	90,728	4,550,744	5,452,452
Long-Term Liabilities	708,617	803,504	54,498	50,486	763,115	853,990
Total Liabilities	<u>5,149,248</u>	<u>6,165,228</u>	<u>164,611</u>	<u>141,214</u>	<u>5,313,859</u>	<u>6,306,442</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	3,906,432	4,124,288	271,848	298,558	4,178,280	4,422,846
Restricted	150,587	94,634	0	0	150,587	94,634
Unrestricted	1,206,362	949,608	273,475	179,550	1,479,837	1,129,158
Total Net Assets	<u>\$5,263,381</u>	<u>\$5,168,530</u>	<u>\$545,323</u>	<u>478,108</u>	<u>\$5,808,704</u>	<u>\$5,646,638</u>

While the change in total assets for governmental activities was not significant, there was a somewhat sizable decrease in cash and cash equivalents. In fiscal year 2006, TRECA discontinued participating in the Tri-Rivers self-insurance plan. As a result, contributions for premiums were terminated and all claims related to TRECA were paid. Also as a result of TRECA's discontinuation in the self-insurance program, there was a decrease in claims payable, and therefore, the decrease in current and other liabilities reflected above.

The most significant change for business-type activities was reflected in cash and cash equivalents and is largely the result of the new Early Learning Initiative Grant in the Day Care Center.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(CONTINUED)**

Table 2 reflects the change in net assets for fiscal year 2006 and fiscal year 2005.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$15,208	\$1,969,575	\$1,428,137	\$1,329,681	\$1,443,345	\$3,299,256
Operating Grants, Contributions, and Interest	2,958,110	2,920,361	390,819	287,740	3,348,929	3,208,101
Total Program Revenues	<u>2,973,318</u>	<u>4,889,936</u>	<u>1,818,956</u>	<u>1,617,421</u>	<u>4,792,274</u>	<u>6,507,357</u>
General Revenues						
Property Taxes	4,363,813	4,089,204	0	0	4,363,813	4,089,204
Payment in Lieu of Taxes	24,308	0	0		24,308	0
Grants and Entitlements not Restricted to Specific Programs	3,671,836	3,632,186	0	0	3,671,836	3,632,186
Interest	72,367	53,517	0	0	72,367	53,517
Miscellaneous	42,969	94,488	3,677	8,064	46,646	102,552
Total General Revenues	<u>8,175,293</u>	<u>7,869,395</u>	<u>3,677</u>	<u>8,064</u>	<u>8,178,970</u>	<u>7,877,459</u>
Total Revenues	<u>11,148,611</u>	<u>12,759,331</u>	<u>1,822,633</u>	<u>1,625,485</u>	<u>12,971,244</u>	<u>14,384,816</u>
Expenses						
Instruction:						
Regular	213,388	238,850	0	0	213,388	238,850
Vocational	6,788,531	6,732,490	0	0	6,788,531	6,732,490
Adult/Continuing	20,750	16,052	0	0	20,750	16,052
Support Services:						
Pupils	635,477	879,436	0	0	635,477	879,436
Instructional Staff	613,522	644,086	0	0	613,522	644,086
Board of Education	104,868	70,971	0	0	104,868	70,971
Administration	820,597	911,933	0	0	820,597	911,933
Fiscal	397,551	395,764	0	0	397,551	395,764
Business	196,409	206,676	0	0	196,409	206,676
Operation of Maintenance of Plant	988,606	1,017,197	0	0	988,606	1,017,197
Pupil Transportation	11,627	16,466	0	0	11,627	16,466
Central	169,343	164,649	0	0	169,343	164,649
Non-Instructional Services	0	16,089	0	0	0	16,089
Extracurricular Activities	26,173	33,529	0	0	26,173	33,529
Internal Service Fund-External Portion	0	1,964,010	0	0	0	1,964,010
Interest and Fiscal Charges	16,918	34,309	0	0	16,918	34,309
Adult Education	0	0	1,046,051	1,050,768	1,046,051	1,050,768
Food Service	0	0	234,946	207,226	234,946	207,226
Uniform School Supplies	0	0	149,157	133,751	149,157	133,751
Rotary	0	0	375,264	346,820	375,264	346,820
Total Expenses	<u>11,003,760</u>	<u>13,342,507</u>	<u>1,805,418</u>	<u>1,738,565</u>	<u>12,809,178</u>	<u>15,081,072</u>
Increase (Decrease) in Net Assets Before Transfers	144,851	(583,176)	17,215	(113,080)	162,066	(696,256)
Transfers	(50,000)	(50,000)	50,000	50,000	0	0
Increase (Decrease) in Net Assets	94,851	(633,176)	67,215	(63,080)	162,066	(696,256)
Net Assets Beginning of Year	5,168,530	5,801,706	478,108	541,188	5,646,638	6,342,894
Net Assets End of Year	<u>\$5,263,381</u>	<u>\$5,168,530</u>	<u>\$545,323</u>	<u>\$478,108</u>	<u>\$5,808,704</u>	<u>\$5,646,638</u>

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(CONTINUED)**

As previously indicated, net assets for governmental activities changed very little from the prior fiscal year. However, note above that there were significant changes in charges for services program revenues as well as the internal service fund-external portion expenses, both for similar amounts. This is due to TRECA's discontinued participation in the Tri-Rivers self-insurance plan.

The major program expense for governmental activities will always be for instruction, which was 64 percent of all governmental expenses. Other programs which support the instruction process, including pupils and instructional staff, were 11 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 9 percent. Therefore, over 84 percent of the School District's expenses are related to providing facilities and delivering education.

The most significant change for business-type activities is noted in operating grants revenues, resulting from the Early Learning Initiative Grant received by the Day Care Center. Expenses for business-type activities were very similar to fiscal year 2005.

Governmental Activities

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	
	2006	2005	2006	2005
Instruction:				
Regular	\$213,388	\$238,850	\$213,388	\$238,850
Special	0	0	(573,239)	(526,964)
Vocational	6,788,531	6,732,490	4,443,822	4,402,625
Adult/Continuing	20,750	16,052	2,750	(5,948)
Support Services:				
Pupils	635,477	879,436	598,655	828,735
Instructional Staff	613,522	644,086	613,522	644,086
Board of Education	104,868	70,971	104,868	70,971
Administration	820,597	911,933	820,597	911,933
Fiscal	397,551	395,764	397,551	395,764
Business	196,409	206,676	196,409	206,676
Operation and Maintenance of Plant	988,606	1,017,197	988,606	1,017,197
Pupil Transportation	11,627	16,466	11,627	16,466
Central	169,343	164,649	169,343	164,649
Non-Instructional Services	0	16,089	0	16,089
Extracurricular Activities	26,173	33,529	25,625	32,597
Internal Service Fund-External Portion	0	1,964,010	0	4,536
Interest and Fiscal Charges	16,918	34,309	16,918	34,309
Total Expenses	<u>\$11,003,760</u>	<u>\$13,342,507</u>	<u>\$8,030,442</u>	<u>\$8,452,571</u>

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(CONTINUED)**

The School District's dependence on tax revenues and unrestricted state entitlements continues to be significant and is consistent with similar support requirements in prior fiscal years. However, there are several programs which receive substantial support from program revenues. For both fiscal years 2006 and 2005, the special instruction program had program revenues in excess of expenses due to the receipt of State foundation monies. The internal service fund-external portion decreased because TRECA is no longer part of the School District's self-insurance plan.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The School District's only major governmental fund is the General Fund, which had a decrease in fund balance of \$1,489, or less than 1 percent.

The School District's major enterprise fund is the Adult Education fund. Again in fiscal year 2006, this fund experienced an operating loss. The fund has had operating losses over the past six fiscal years. Over this six year period, operations of the fund have been subsidized with transfers from the General Fund. These Board approved transfers will continue in the future, however, it is the hope of the Board that increased enrollment due to new and expanded programming will reduce Adult Education's dependence on General Fund subsidies.

General Fund Budgeting Highlights

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

During fiscal year 2006, the School District amended its General Fund budget as needed. For revenues, changes from the original to final budget and from the final budget to actual revenues received were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School District had \$4,345,362 invested in capital assets (net of accumulated depreciation) for governmental activities, a decrease just under 6 percent from the prior fiscal year. This decrease is the result of accumulated depreciation expense in excess of capital asset additions.

The business-type activities had \$302,042 invested in capital assets (net of accumulated depreciation), a decrease of 10 percent from the prior fiscal year. This decrease is the result of accumulated depreciation expense.

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

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(CONTINUED)**

Debt

At June 30, 2006, the School District had an outstanding school facilities loan, in the amount of \$154,142, (the proceeds of which were used to construct a science wing), energy conservation general obligation bonds, in the amount of \$176,000, and capital leases, in the amount of \$108,788, for governmental activities.

Business-type activities had an outstanding capital lease, in the amount of \$30,194.

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

Current Issues

Little fluctuation in the School District's financial statements over the past couple of fiscal years demonstrates that the School District has been able to maintain operations in a declining economy and uncertainty in State funding. 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 a little over \$2 million. In November 2001, the School District renewed a 1.3 mill five year operating levy that generates over \$1.4 million. In November 2003, the School District renewed a 1 mill, five year operating levy that generates approximately \$955,000.

Challenges for the School District include ever increasing costs of health care. As of July 1, 2005, Tri-Rivers Educational Computer Association (external agency) chose not to participate in the health insurance plan with the School District.

State foundation monies continue to be uncertain as well as student enrollment. The School District strives to reduce costs at every possible opportunity.

The Board of Education and the Teachers Union negotiated a three year contract which increased salaries 3 percent in fiscal year 2005 and 2.5 percent in fiscal year 2006. The salary portion of the contract will be reopened for fiscal year 2007.

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

THIS PAGE INTENTIONALLY LEFT BLANK

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$1,606,358	\$314,077	\$1,920,435
Accounts Receivable	30,424	49,366	79,790
Accrued Interest Receivable	9,260	0	9,260
Intergovernmental Receivable	56,367	56,737	113,104
Internal Balances	16,324	(16,324)	0
Prepaid Items	21,117	943	22,060
Inventory Held for Resale	0	2,612	2,612
Materials and Supplies Inventory	70,995	481	71,476
Property Taxes Receivable	4,256,422	0	4,256,422
Nondepreciable Capital Assets	241,082	0	241,082
Depreciable Capital Assets, Net	4,104,280	302,042	4,406,322
Total Assets	<u>10,412,629</u>	<u>709,934</u>	<u>11,122,563</u>
<u>Liabilities:</u>			
Accounts Payable	172,083	23,829	195,912
Accrued Wages and Benefits Payable	842,407	55,414	897,821
Intergovernmental Payable	161,164	30,870	192,034
Accrued Interest Payable	274	0	274
Claims Payable	233,410	0	233,410
Separation Benefits Payable	36,239	0	36,239
Deferred Revenue	2,995,054	0	2,995,054
Long-Term Liabilities:			
Due Within One Year	124,797	11,368	136,165
Due in More Than One Year	583,820	43,130	626,950
Total Liabilities	<u>5,149,248</u>	<u>164,611</u>	<u>5,313,859</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	3,906,432	271,848	4,178,280
Restricted For:			
Other Purposes	150,587	0	150,587
Unrestricted	1,206,362	273,475	1,479,837
Total Net Assets	<u>\$5,263,381</u>	<u>\$545,323</u>	<u>\$5,808,704</u>

See Accompanying Notes to Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$213,388	\$0	\$0
Special	0	0	573,239
Vocational	6,788,531	14,660	2,330,049
Adult/Continuing	20,750	0	18,000
Support Services:			
Pupils	635,477	0	36,822
Instructional Staff	613,522	0	0
Board of Education	104,868	0	0
Administration	820,597	0	0
Fiscal	397,551	0	0
Business	196,409	0	0
Operation and Maintenance of Plant	988,606	0	0
Pupil Transportation	11,627	0	0
Central	169,343	0	0
Extracurricular Activities	26,173	548	0
Interest and Fiscal Charges	16,918	0	0
Total Governmental Activities	<u>11,003,760</u>	<u>15,208</u>	<u>2,958,110</u>
<u>Business-Type Activities:</u>			
Adult Education	<u>1,046,051</u>	<u>815,654</u>	<u>179,693</u>
Other Enterprise Funds			
Food Service	234,946	151,617	85,067
Uniform School Supplies	149,157	133,692	0
Rotary	375,264	327,174	126,059
Total Other Enterprise Funds	<u>759,367</u>	<u>612,483</u>	<u>211,126</u>
Total Business-Type Activities	<u>1,805,418</u>	<u>1,428,137</u>	<u>390,819</u>
Total	<u>\$12,809,178</u>	<u>\$1,443,345</u>	<u>\$3,348,929</u>

General Revenues:

Property Taxes Levied for General Purposes
 Payment in Lieu of Taxes
 Grants and Entitlements not Restricted to Specific Programs
 Interest
 Miscellaneous
 Total General Revenues

Transfers
 Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year (See Note 3)
 Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$213,388)	\$0	(\$213,388)
573,239	0	573,239
(4,443,822)	0	(4,443,822)
(2,750)	0	(2,750)
(598,655)	0	(598,655)
(613,522)	0	(613,522)
(104,868)	0	(104,868)
(820,597)	0	(820,597)
(397,551)	0	(397,551)
(196,409)	0	(196,409)
(988,606)	0	(988,606)
(11,627)	0	(11,627)
(169,343)	0	(169,343)
(25,625)	0	(25,625)
(16,918)	0	(16,918)
<u>(8,030,442)</u>	<u>0</u>	<u>(8,030,442)</u>
0	(50,704)	(50,704)
0	1,738	1,738
0	(15,465)	(15,465)
0	77,969	77,969
<u>0</u>	<u>64,242</u>	<u>64,242</u>
<u>0</u>	<u>13,538</u>	<u>13,538</u>
<u>(8,030,442)</u>	<u>13,538</u>	<u>(8,016,904)</u>
4,363,813	0	4,363,813
24,308	0	24,308
3,671,836	0	3,671,836
72,367	0	72,367
42,969	3,677	46,646
<u>8,175,293</u>	<u>3,677</u>	<u>8,178,970</u>
<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
<u>8,125,293</u>	<u>53,677</u>	<u>8,178,970</u>
94,851	67,215	162,066
<u>5,168,530</u>	<u>478,108</u>	<u>5,646,638</u>
<u>\$5,263,381</u>	<u>\$545,323</u>	<u>\$5,808,704</u>

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$1,040,754	\$161,419	\$1,202,173
Accounts Receivable	27,680	0	27,680
Accrued Interest Receivable	9,260	0	9,260
Intergovernmental Receivable	275	56,092	56,367
Interfund Receivable	102,511	0	102,511
Prepaid Items	8,111	13,006	21,117
Materials and Supplies Inventory	70,995	0	70,995
Property Taxes Receivable	4,256,422	0	4,256,422
Total Assets	<u>\$5,516,008</u>	<u>\$230,517</u>	<u>\$5,746,525</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$161,363	\$10,720	\$172,083
Accrued Wages and Benefits Payable	842,407	0	842,407
Intergovernmental Payable	161,164	0	161,164
Interfund Payable	1,608	69,452	71,060
Deferred Revenue	3,273,158	47,759	3,320,917
Total Liabilities	<u>4,439,700</u>	<u>127,931</u>	<u>4,567,631</u>
<u>Fund Balances:</u>			
Reserved for Property Taxes	966,262	0	966,262
Reserved for Encumbrances	197,858	107,245	305,103
Unreserved, Reported in:			
General Fund (Deficit)	(87,812)	0	(87,812)
Special Revenue Funds (Deficit)	0	(4,762)	(4,762)
Debt Service Fund	0	103	103
Total Fund Balances	<u>1,076,308</u>	<u>102,586</u>	<u>1,178,894</u>
Total Liabilities and Fund Balances	<u>\$5,516,008</u>	<u>\$230,517</u>	<u>\$5,746,525</u>

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006**

Total Governmental Fund Balances	\$1,178,894
----------------------------------	-------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,345,362
---	-----------

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

Accounts Receivable	4,087	
Intergovernmental Receivable	47,759	
Accrued Interest Receivable	5,530	
Property Taxes Receivable	<u>268,487</u>	
		325,863

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.	(15,008)
--	----------

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

Accrued Interest Payable	(274)	
Separation Benefits Payable	(36,239)	
School Facilities Loan Payable	(154,142)	
General Obligation Bonds Payable	(176,000)	
Compensated Absences Payable	(269,687)	
Capital Leases Payable	<u>(108,788)</u>	
		(745,130)

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.	<u>173,400</u>
---	----------------

Net Assets of Governmental Activities	<u><u>\$5,263,381</u></u>
---------------------------------------	---------------------------

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$4,261,652	\$0	\$4,261,652
Payment in Lieu of Taxes	24,308	0	24,308
Intergovernmental	6,066,290	556,822	6,623,112
Interest	47,988	62	48,050
Extracurricular Activities	548	0	548
Rent	14,871	0	14,871
Gifts and Donations	1,075	2,936	4,011
Miscellaneous	38,739	17,769	56,508
Total Revenues	10,455,471	577,589	11,033,060
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	213,824	0	213,824
Vocational	6,378,657	137,471	6,516,128
Adult/Continuing	0	20,750	20,750
Support Services:			
Pupils	567,245	74,184	641,429
Instructional Staff	474,439	143,842	618,281
Board of Education	104,868	0	104,868
Administration	827,941	17,603	845,544
Fiscal	397,272	0	397,272
Business	188,673	0	188,673
Operation and Maintenance of Plant	1,033,257	0	1,033,257
Pupil Transportation	7,290	0	7,290
Central	110,666	72,557	183,223
Non-Instructional Services	0	0	0
Extracurricular Activities	26,173	0	26,173
Capital Outlay	22,515	0	22,515
Debt Service:			
Principal Retirement	21,048	66,021	87,069
Interest and Fiscal Charges	6,799	10,985	17,784
Total Expenditures	10,380,667	543,413	10,924,080
Excess of Revenues Over Expenditures	74,804	34,176	108,980
<u>Other Financing Sources (Uses):</u>			
Inception of Capital Lease	50,720	0	50,720
Transfers In	0	77,013	77,013
Transfers Out	(127,013)	0	(127,013)
Total Other Financing Sources (Uses)	(76,293)	77,013	720
Changes in Fund Balances	(1,489)	111,189	109,700
Fund Balances (Deficit) at Beginning of Year	1,077,797	(8,603)	1,069,194
Fund Balances at End of Year	\$1,076,308	\$102,586	\$1,178,894

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Changes in Fund Balances - Total Governmental Funds \$109,700

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 exceeds capital outlay in the current year:

Capital Outlay	111,528	
Depreciation	(365,043)	
	(253,515)	(253,515)

The cost of capital assets is removed from the capital asset account on the statement of net assets when disposed of, resulting in a loss on disposal of capital assets on the statement of activities. (15,577)

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

Property Taxes	102,161	
Intergovernmental	(13,264)	
Interest	5,530	
Rent	(211)	
Miscellaneous	2,486	
	96,702	96,702

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 87,069

The termination of a capital lease is not reflected in the governmental funds but the termination reduces long-term liabilities on the statement of net assets. 14,887

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net assets. 866

The inception of a capital lease is reported as an other financing source in governmental funds, but increases long-term liabilities on the statement of net assets. (50,720)

Some expenses 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:

Separation Benefits Payable	23,761	
Compensated Absences Payable	43,651	
	67,412	67,412

The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.

Interest Revenue	18,849	
Allocated to Activities	19,178	
	38,027	

Change in Net Assets of Governmental Activities \$94,851

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$4,070,630	\$4,300,330	\$4,298,336	(\$1,994)
Payment in Lieu of Taxes	14,818	24,308	24,308	0
Intergovernmental	6,113,747	6,075,941	6,066,290	(9,651)
Interest	40,000	30,000	34,361	4,361
Extracurricular Activities	750	700	715	15
Rent	8,900	12,100	13,321	1,221
Gifts and Donations	1,000	1,075	1,075	0
Miscellaneous	16,517	17,127	14,457	(2,670)
Total Revenues	<u>10,266,362</u>	<u>10,461,581</u>	<u>10,452,863</u>	<u>(8,718)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	231,228	216,677	216,677	0
Vocational	6,736,149	6,701,722	6,553,762	147,960
Support Services:				
Pupils	536,290	592,724	577,700	15,024
Instructional Staff	499,812	524,937	508,945	15,992
Board of Education	107,359	97,810	97,383	427
Administration	808,538	836,027	818,104	17,923
Fiscal	406,054	426,378	420,240	6,138
Business	263,850	185,639	181,537	4,102
Operation and Maintenance of Plant	1,115,480	1,051,842	1,038,739	13,103
Pupil Transportation	8,400	7,550	7,438	112
Central	85,392	95,274	93,387	1,887
Non-Instructional Services	6,800	3,436	3,430	6
Extracurricular Activities	30,014	27,121	26,716	405
Capital Outlay	22,000	24,200	24,200	0
Total Expenditures	<u>10,857,366</u>	<u>10,791,337</u>	<u>10,568,258</u>	<u>223,079</u>
Excess of Revenues Under Expenditures	<u>(591,004)</u>	<u>(329,756)</u>	<u>(115,395)</u>	<u>214,361</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	10,000	30,797	34,732	3,935
Refund of Prior Year Receipts	(500)	(30)	(30)	0
Advances In	64,336	67,968	67,968	0
Advances Out	(65,000)	(100,232)	(100,232)	0
Transfers Out	(227,410)	(131,054)	(127,013)	4,041
Total Other Financing Sources (Uses)	<u>(218,574)</u>	<u>(132,551)</u>	<u>(124,575)</u>	<u>7,976</u>
Changes in Fund Balance	(809,578)	(462,307)	(239,970)	222,337
Fund Balance at Beginning of Year	741,082	741,082	741,082	0
Prior Year Encumbrances Appropriated	221,236	221,236	221,236	0
Fund Balance at End of Year	<u>\$152,740</u>	<u>\$500,011</u>	<u>\$722,348</u>	<u>\$222,337</u>

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
<u>Assets:</u>				
<u>Current Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$74,309	\$239,768	\$314,077	\$404,185
Accounts Receivable	19,136	30,230	49,366	2,744
Intergovernmental Receivable	33,513	23,224	56,737	0
Interfund Receivable	640	1,808	2,448	0
Prepaid Items	243	700	943	0
Inventory Held for Resale	0	2,612	2,612	0
Materials and Supplies Inventory	0	481	481	0
Total Current Assets	127,841	298,823	426,664	406,929
<u>Non-Current Assets:</u>				
Depreciable Capital Assets, Net	235,929	66,113	302,042	0
Total Assets	363,770	364,936	728,706	406,929
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	12,117	11,712	23,829	0
Accrued Wages and Benefits Payable	19,727	35,687	55,414	0
Intergovernmental Payable	18,444	12,426	30,870	0
Interfund Payable	30,409	3,371	33,780	119
Compensated Absences Payable	2,556	0	2,556	0
Capital Leases Payable	8,812	0	8,812	0
Claims Payable	0	0	0	233,410
Total Current Liabilities	92,065	63,196	155,261	233,529
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	19,596	2,152	21,748	0
Capital Leases Payable	21,382	0	21,382	0
Total Non-Current Liabilities	40,978	2,152	43,130	0
Total Liabilities	133,043	65,348	198,391	233,529
<u>Net Assets:</u>				
Invested in Capital Assets, Net of Related Debt	205,735	66,113	271,848	0
Unrestricted	24,992	233,475	258,467	173,400
Total Net Assets	\$230,727	\$299,588	530,315	\$173,400

Net assets reported for business-type activities on the statement of net assets is different because it includes a proportionate share of the balance of the internal service fund.

	15,008
Net assets of business-type activities	\$545,323

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
<u>Operating Revenues:</u>				
Sales	\$0	\$611,383	\$611,383	\$0
Charges for Services	815,654	0	815,654	2,016,140
Other Operating Revenues	2,840	837	3,677	107,285
Total Operating Revenues	<u>818,494</u>	<u>612,220</u>	<u>1,430,714</u>	<u>2,123,425</u>
<u>Operating Expenses:</u>				
Salaries	554,868	201,678	756,546	0
Fringe Benefits	265,998	92,083	358,081	0
Purchased Services	22,231	7,736	29,967	290,544
Materials and Supplies	149,454	163,987	313,441	0
Cost of Sales	0	287,848	287,848	0
Claims	0	0	0	1,811,088
Depreciation	27,614	6,117	33,731	0
Other Operating Expenses	25,340	781	26,121	0
Total Operating Expenses	<u>1,045,505</u>	<u>760,230</u>	<u>1,805,735</u>	<u>2,101,632</u>
Operating Loss	<u>(227,011)</u>	<u>(148,010)</u>	<u>(375,021)</u>	<u>21,793</u>
<u>Non-Operating Revenues (Expenses)</u>				
Federal Donated Commodities	0	3,955	3,955	0
Operating Grants	172,693	205,766	378,459	0
Operating Contributions	7,000	1,250	8,250	0
Interest Revenue	0	1,255	1,255	18,849
Interest Expense	(2,298)	0	(2,298)	0
Total Non-Operating Revenues (Expenses)	<u>177,395</u>	<u>212,226</u>	<u>389,621</u>	<u>18,849</u>
Income (Loss) Before Transfers	<u>(49,616)</u>	<u>64,216</u>	<u>14,600</u>	<u>40,642</u>
Transfers In	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Changes in Net Assets	384	64,216	64,600	40,642
Net Assets at Beginning of Year	<u>230,343</u>	<u>235,372</u>		<u>132,758</u>
Net Assets at End of Year	<u>\$230,727</u>	<u>\$299,588</u>		<u>\$173,400</u>

The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net income of the internal service fund.

	2,615
Change in net assets of business-type activities	\$67,215

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
<u>Cash Flow from Operating Activities:</u>				
Cash Received from Customers	\$789,741	\$608,822	\$1,398,563	\$0
Cash Received from Transactions with Other Funds	0	0	0	2,016,140
Cash Received from Other Revenues	3,110	413	3,523	298,509
Cash Payments for Salaries	(541,898)	(197,481)	(739,379)	0
Cash Payments for Fringe Benefits	(264,058)	(85,844)	(349,902)	0
Cash Payments for Goods and Services	(167,990)	(451,360)	(619,350)	(290,425)
Cash Payments for Claims	0	0	0	(2,575,609)
Cash Payments for Other Expenses	(25,060)	(781)	(25,841)	
Net Cash Used for Operating Activities	<u>(206,155)</u>	<u>(126,231)</u>	<u>(332,386)</u>	<u>(551,385)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Cash Received from Operating Grants	172,325	191,026	363,351	0
Cash Received from Operating Contributions	7,000	1,250	8,250	0
Cash Received from Transfers In	50,000	0	50,000	0
Cash Received from Advances In	30,000	2,537	32,537	0
Net Cash Provided by Noncapital Financing Activities	<u>259,325</u>	<u>194,813</u>	<u>454,138</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Cash Payments for Lease Principal	(7,021)	0	(7,021)	0
Cash Payments for Lease Interest	(2,298)	0	(2,298)	0
Net Cash Used for Capital and Related Financing Activities	<u>(9,319)</u>	<u>0</u>	<u>(9,319)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>				
Cash Received from Interest	0	1,255	1,255	18,849
Net Increase (Decrease) in Cash and Cash Equivalents	43,851	69,837	113,688	(532,536)
Cash and Cash Equivalents at Beginning of Year	30,458	169,931	200,389	936,721
Cash and Cash Equivalents at End of Year	<u>\$74,309</u>	<u>\$239,768</u>	<u>\$314,077</u>	<u>\$404,185</u>
Reconciliation of Operating Loss				
<u>to Net Cash Used for Operating Activities:</u>				
Operating Income (Loss)	(\$227,011)	(\$148,010)	(\$375,021)	\$21,793
Adjustments to Reconcile Operating Loss				
<u>to Net Cash Used for Operating Activities:</u>				
Depreciation	27,614	6,117	33,731	0
Donated Commodities Received During Year	0	3,955	3,955	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(18,786)	(1,216)	(20,002)	191,224
Increase in Intergovernmental Receivable	(6,217)	(381)	(6,598)	0
Increase in Interfund Receivable	(640)	(1,388)	(2,028)	0
Decrease in Prepaid Items	966	79	1,045	0
Decrease in Inventory Held for Resale	0	60	60	0
Decrease in Materials and Supplies Inventory	0	811	811	0
Increase in Accounts Payable	2,973	2,812	5,785	0
Increase in Accrued Wages and Benefits Payable	4,280	5,514	9,794	0
Increase in Intergovernmental Payable	1,584	4,222	5,806	0
Increase in Interfund Payable	409	834	1,243	119
Decrease in Claims Payable	0	0	0	(764,521)
Decrease in Separation Benefits Payable	(2,000)	0	(2,000)	0
Increase in Compensated Absences Payable	10,673	360	11,033	0
Net Cash Used for Operating Activities	<u>(\$206,155)</u>	<u>(\$126,231)</u>	<u>(\$332,386)</u>	<u>(\$551,385)</u>

Non-Cash Transactions

During fiscal year 2006, the Food Service enterprise fund received donated commodities, in the amount of \$3,955.

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006**

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$51,974	\$17,825
Notes Receivable	2,197	0
Total Assets	54,171	\$17,825
<u>Liabilities:</u>		
Undistributed Assets	0	\$1,312
Due to Students	0	16,513
Total Liabilities	0	\$17,825
<u>Net Assets:</u>		
Held in Trust for Scholarships	24,920	
Endowments	29,251	
Total Net Assets	\$54,171	

See Accompanying Notes to the Basic Financial Statements

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<u>Additions:</u>	
Interest	\$1,845
Gifts and Donations	5,518
Miscellaneous	352
Total Additions	<u>7,715</u>
 <u>Deductions:</u>	
Non-Instructional Services	<u>915</u>
 Change in Net Assets	 6,800
 Net Assets Beginning of Year	 <u>47,371</u>
Net Assets End of Year	<u><u>\$54,171</u></u>

See Accompanying Notes to the Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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 forty-one classified employees, eighty-nine certified teaching personnel, and nine administrative employees who provide services to seven hundred eighty-nine 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 insure 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. There are no component units of the Tri-Rivers Joint Vocational School District.

The School District participates in the Tri-Rivers Educational Computer Association, a jointly governed organization, and the Ohio School Plan and Ohio School Boards Association Workers' Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 21 and 22 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. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the School District's accounting policies.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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 assets 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 assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets 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, contributions, and interest 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. The internal service fund is presented in a single column on the proprietary fund statements. 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.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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 is reported as fund balance. The School District has one major governmental 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 to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The School District reports two types of proprietary funds, enterprise and internal service:

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, uniform school supplies, and activities related to vocational programs.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts for the activities of the self insurance program for employee health care benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 staff and student-managed activities and for certain state grants of the Tri-Rivers Educational Computer Association (TRECA).

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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 assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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 proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its proprietary 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; proprietary 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, the recording of deferred revenue, 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.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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, and rent.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred revenue.

Expenses/Expenditures

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

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

E. Budgetary Process

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

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate 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 amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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 2006, the School District invested in nonnegotiable certificates of deposit, U.S. Treasury securities, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006, was \$47,988, which includes \$6,265 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, 2006, 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.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary 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 assets but are not reported on the fund financial statements. Capital assets used by the proprietary funds are reported in both the business-type activities column on the government-wide statement of net assets 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 fair market value on the date donated. The School District maintains a capitalization threshold of ten thousand dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets by the proprietary funds is also capitalized.

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

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	10 years
Buildings and Building Improvements	10 - 40 years
Furniture, Fixtures, and Equipment	4 - 30 years
Vehicles	10 years

J. Interfund Assets/Liabilities

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net assets, 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.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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 proprietary funds are reported on the proprietary 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, compensated absences and separation benefits 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, bonds, and capital leases are recognized as a liability on the fund financial statements when due.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes. As of June 30, 2006, the School District did not have any net assets restricted by enabling legislation.

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 assets are available.

N. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for property taxes and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Operating Revenues and Expenses

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

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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 are eliminated on the government-wide financial statements.

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

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 Correction of an Error and Restatement of Net Assets

A. Change in Accounting Principles

For fiscal year 2006, the School District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries". This statement establishes accounting and financial reporting standards for impairment of capital assets. The implementation of this statement did not result in any change to the School District's financial statements.

B. Correction of an Error and Restatement of Net Assets

In the prior year, the School District incorrectly recorded the internal balance for the internal service fund in the governmental and business-type activities.

	Governmental Activities	Business-Type Activities
Net Assets at June 30, 2005	\$5,173,487	\$473,151
Internal Balance	(4,957)	4,957
Restated Net Assets at June 30, 2005	\$5,168,530	\$478,108

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 4 - Accountability

At June 30, 2006, the following funds had deficit fund balances resulting from adjustments for accrued liabilities:

Fund	Deficit
Special Revenue Funds	
Quality Enhancement	\$6,947
EMIS	345
Miscellaneous State Grants	2,393
Critical Transitions	3,696

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

Changes in Fund Balance	
GAAP Basis	(\$1,489)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2005, Received in Cash FY 2006	1,064,779
Accrued FY 2006, Not Yet Received in Cash	(1,022,758)
	(continued)

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 5 - Budgetary Basis of Accounting (continued)

Changes in Fund Balance (continued)	
Expenditure Accruals:	
Accrued FY 2005, Paid in Cash FY 2006	(\$1,128,695)
Accrued FY 2006, Not Yet Paid in Cash	1,166,542
Cash Adjustments:	
Unrecorded Cash Activity FY 2006	(9,897)
Prepaid Items	19,664
Materials and Supplies Inventory	12,657
Advances In	67,968
Advances Out	(100,232)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(308,509)
Budget Basis	<u><u>(\$239,970)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 6 - Deposits and Investments (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
9. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$544,086 of the School District's bank balance of \$873,951 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 6 - Deposits and Investments (continued)

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

Investments

As of June 30, 2006, the School District had the following investments:

	Fair Value	Maturity
Federal National Mortgage Association Notes	\$249,820	7/15/06
Federal Home Loan Mortgage Corporation Notes	249,359	8/7/06
Federal Farm Credit Bank Notes	248,708	9/29/06
Federal Home Loan Bank Notes	252,703	11/21/06
Federal Home Loan Bank Notes	247,807	1/16/07
U.S. Treasury Money Market Mutual Fund	11,500	average 70.3 days
STAR Ohio	50,960	average 34.8 days
	\$1,310,857	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Notes, and Federal Home Loan Bank Notes carry a rating of AAA by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with investment credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The School District's investment policy states that, with the exception of U.S. Treasury securities or federal agency securities, the School District may not invest more than 50 percent of its portfolio in STAR Ohio, 25 percent of its portfolio in commercial paper or in certificates of deposits, or more than 20 percent of its portfolio in repurchase agreements. The following table indicates the percentage of each investment to the School District's total portfolio.

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association Bonds	\$249,820	19.06%
Federal Home Loan Mortgage Corporation Notes	249,359	19.02
Federal Farm Credit Bank Notes	248,708	18.97
Federal Home Loan Bank Notes	500,510	38.18

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 7 - Receivables

Receivables at June 30, 2006, consisted of accounts (rent, billings for user charged services, and student fees), accrued interest, 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. Accounts receivable at June 30 were \$79,790. Notes receivable, representing loans made to students for higher education, were \$2,197. All receivables, except for a portion of notes, are considered collectible 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	
TRECA	\$265
State of Ohio	10
Total General Fund	275
Other Governmental Funds	
Quality Enhancement	6,947
Public School Preschool	8,088
Miscellaneous State Grants	19,034
VEPD	12,023
Critical Transitions	10,000
Total Other Governmental Funds	56,092
Total Governmental Activities	56,367
Business-Type Activities	
Adult Education	33,513
Other Enterprise Fund	
Rotary	23,224
Total Business-Type Activities	56,737
Total Intergovernmental Receivables	\$113,104

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.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 8 - Property Taxes (continued)

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2006 represent the collection of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed values as of January 1, 2005, 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 2006 represent the collection of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien on December 31, 2004, were levied after April 1, 2005, 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.

Tangible personal property tax revenues received in calendar year 2006 (other than public utility property) represent the collection of calendar year 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, this settlement was not received by the School District within fiscal year 2006.

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, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2006, 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 and the late personal property tax settlement 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 revenue.

The amount available as an advance at June 30, 2006, was \$966,262 in the General Fund. The amount available as an advance at June 30, 2005, was \$998,787 in the General Fund.

The amounts for the late personal property tax settlements made by the counties for fiscal years 2006 and 2005, were \$26,619 and \$30,778, respectively.

Collectible delinquent property taxes have been recorded as a receivable and revenue on a full accrual basis. On the modified accrual basis, the revenue is deferred.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 8 - Property Taxes (continued)

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,295,465,220	83.73%	\$1,378,084,840	84.67%
Public Utility	92,166,080	5.96	93,782,280	5.76
Tangible Personal	159,612,564	10.31	155,811,703	9.57
Total Assessed Value	\$1,547,243,864	100.00%	\$1,627,678,823	100.00%
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

Note 9 - Payment in Lieu of Taxes

According to State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The payment is received annually either as an agreed upon flat amount per year or the amount of estimated taxes that would have been due in that fiscal year. Most of the agreements are for a ten year period. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance at 6/30/05	Additions	Reductions	Balance at 6/30/06
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$241,082	\$0	\$0	\$241,082
Construction in Progress	2,744	60,808	(63,552)	0
Total Nondepreciable Capital Assets	243,826	60,808	(63,552)	241,082
Depreciable Capital Assets				
Land Improvements	0	63,552	0	63,552
Buildings and Building Improvements	9,216,030	0	0	9,216,030
Furniture, Fixtures, and Equipment	606,953	50,720	(33,379)	624,294
Vehicles	44,590	0	0	44,590
Total Depreciable Capital Assets	9,867,573	114,272	(33,379)	9,948,466

(continued)

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 10 - Capital Assets (continued)

	Balance at 6/30/05	Additions	Reductions	Balance at 6/30/06
Less Accumulated Depreciation				
Land Improvements	\$0	(\$529)	\$0	(\$529)
Buildings and Building Improvements	(5,208,887)	(293,758)	0	(5,502,645)
Furniture, Fixtures, and Equipment	(277,160)	(66,297)	17,802	(325,655)
Vehicles	(10,898)	(4,459)	0	(15,357)
Total Accumulated Depreciation	<u>(5,496,945)</u>	<u>(365,043)</u>	<u>17,802</u>	<u>(5,844,186)</u>
Depreciable Capital Assets, Net	<u>4,370,628</u>	<u>(250,771)</u>	<u>(15,577)</u>	<u>4,104,280</u>
Governmental Activities Capital Assets, Net	<u>\$4,614,454</u>	<u>(\$189,963)</u>	<u>(\$79,129)</u>	<u>\$4,345,362</u>
	Balance at 6/30/05	Additions	Reductions	Balance at 6/30/06
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$780,832	\$0	\$0	\$780,832
Furniture, Fixtures, and Equipment	60,383	0	0	60,383
Total Depreciable Capital Assets	<u>841,215</u>	<u>0</u>	<u>0</u>	<u>841,215</u>
Less Accumulated Depreciation				
Buildings and Building Improvements	(491,873)	(22,608)	0	(514,481)
Furniture, Fixtures, and Equipment	(13,569)	(11,123)	0	(24,692)
Total Accumulated Depreciation	<u>(505,442)</u>	<u>(33,731)</u>	<u>0</u>	<u>(539,173)</u>
Business-Type Activities Capital Assets, Net	<u>\$335,773</u>	<u>(\$33,731)</u>	<u>\$0</u>	<u>\$302,042</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$307,356
Support Services:	
Pupils	2,512
Instructional Staff	6,221
Administration	5,409
Fiscal	2,512
Business	7,536
Operation and Maintenance of Plant	16,140
Pupil Transportation	4,337
Central	13,020
Total Depreciation Expense	<u>\$365,043</u>

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 10 - Capital Assets (continued)

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	\$5,024
Rotary	1,093
Total Depreciation Expense	\$6,117

Note 11 - Interfund Assets/Liabilities

Interfund balances at June 30, 2006, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Other Governmental Funds	
Quality Enhancement	\$6,947
Public School Preschool	8,088
Miscellaneous State Grants	19,034
VEPD	23,626
Critical Transitions	11,757
Adult Education	30,403
Other Enterprise Funds	2,537
Internal Service	119
	\$102,511

Due to Adult Education from

General	\$640
---------	-------

Due to Other Enterprise Funds from:

General	\$968
Adult Education	6
Other Enterprise Funds	834
	\$1,808

The balance due to the General Fund consists of loans made to provide cash flow resources until the receipt of grant monies by the special revenue funds, provide cash flow resources until the receipt of outstanding fees by the Adult Education enterprise fund, and for services provided to the Internal Service fund. The balance due to the Adult Education Fund and Other Enterprise Funds are for services provided to the General Fund and Adult Education and Rotary enterprise funds. All amounts are expected to be collected within one year.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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 2006, the School District contracted for the following insurance coverage:

Coverage provided by The Ohio School Plan:

Buildings and Contents - replacement cost	\$31,675,283
Computers	852,000
Auto Liability	2,000,000
General Liability	
Each Occurrence	1,000,000
Aggregate	3,000,000

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

For fiscal year 2006, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

For fiscal year 2006, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District offers medical, prescription drug, dental, life, and vision insurance to all employees through a self-insured program. All funds of the School District participated in the program and made payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The School District purchased stop loss insurance for claims in excess of \$50,000 per individual per year and \$1,000,000 total aggregate lifetime. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2006, were \$233,410.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 12 - Risk Management (continued)

The changes in the claims liability for the past two fiscal years were as follow:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2006	\$997,931	\$1,811,088	\$2,575,609	\$233,410
2005	638,517	4,542,511	4,183,097	997,931

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

The School District's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2006, 2005, and 2004 was \$619,177, \$694,574, and \$669,939, respectively; 81 percent has been contributed for fiscal year 2006 and 100 percent has been contributed for fiscal years 2005 and 2004. Contributions for the CP for the fiscal year ended June 30, 2006, were \$19,544 made by plan members.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute an actuarially determined rate. The rate for fiscal year 2006 was 14 percent of annual covered payroll; 10.58 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$125,661, \$127,387, and \$101,939, respectively; 100 percent has been contributed for all three fiscal years.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2006, eight members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2006, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount was \$47,629.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 14 - Postemployment Benefits (continued)

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.3 billion at June 30, 2005 (the latest information available). For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000, and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All members must pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. For the School District, the amount to fund health care benefits, including the surcharge, was \$65,513 for fiscal year 2006.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2005 (the latest information available), were \$178,221,113. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168 percent of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has approximately 58,123 participants currently receiving health care benefits.

Note 15 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits is 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-two 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 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 twenty-five days of severance pay.

B. Health Care Benefits

The School District provides medical, prescription drug, dental, life, and vision insurance benefits to all employees through a self-insured program.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 15 - Other Employee Benefits (continued)

C. Separation Benefits

The School District offered a separation benefit to teachers and classified staff members in the TREA Bargaining Unit who submitted a letter of retirement to the Superintendent between February 1 and March 1 of 2006 for teachers and between March 1 and April 1 of 2006 for classified employees. All employees must have been eligible to retire under the appropriate retirement system and classified staff must have been employed by the School District for a minimum of 10 years. Teachers received \$10,000. Amounts for classified employees were calculated by multiplying the total number of workdays per year, maximum hours per day, and maximum hourly rate by 18.5 percent for twenty years of service, 14.8 percent for fifteen years of services, and 11.1 percent for ten years of service. The employee had to have the payment delayed until the following calendar year. At June 30, 2006, the liability for separation benefits was \$36,239 for governmental activities.

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2006 were as follows:

	Balance at 6/30/05	Additions	Reductions	Balance at 6/30/06	Amounts Due Within One Year
Governmental Activities					
General Obligations					
School Facilities Loan FY 1999 0.00%	\$176,163	\$0	\$22,021	\$154,142	\$22,021
General Obligation Bonds FY 2000 5.60%	220,000	0	44,000	176,000	44,000
Total General Long-Term Obligations	396,163	0	66,021	330,142	66,021
Compensated Absences Payable	313,338	18,033	61,684	269,687	32,809
Capital Leases Payable	94,003	50,720	35,935	108,788	25,967
Total Governmental Activities Long-Term Obligations	\$803,504	\$68,753	\$163,640	\$708,617	124,797
Business-Type Activities					
Compensated Absences Payable	\$13,271	\$11,033	\$0	\$24,304	\$2,556
Capital Leases Payable	37,215	0	7,021	30,194	8,812
Total Business-Type Activities Long-Term Obligations	\$50,486	\$11,033	\$7,021	\$54,498	\$11,368

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 16 - Long-Term Obligations (continued)

FY 1999 School Facilities Loan - In fiscal year 1999, the School District obtained an interest free loan from the Ohio Department of Education, in the amount of \$440,415, for building construction. The loan was obtained under the authority of the Ohio Revised Code Sections 3317.21 and 3317.22 for a maximum fifteen year period. The School District has made accelerated payments to pay off the loan during fiscal year 2013. The loan is being retired through the Bond Retirement debt service fund.

FY 2000 General Obligation Bonds - In fiscal year 2000, the School District issued \$440,000 in unvoted general obligation bonds for providing energy conservation measures for the School District. The bonds were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a ten year period, with a final maturity during fiscal year 2010. The bonds are being retired through the Bond Retirement debt service fund.

Compensated absences will be paid from the General Fund and the Adult Education and Rotary enterprise funds. The capital leases will be paid from the General Fund and the Adult Education enterprise fund.

The School District's overall debt margin was \$124,464,918 with an unvoted debt margin of \$1,230,514 at June 30, 2006.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2006, were as follows:

Fiscal Year	Principal	Interest	Total
2007	\$66,021	\$8,624	\$74,645
2008	66,021	6,160	72,181
2009	66,020	3,696	69,716
2010	66,020	1,232	67,252
2011	22,020	0	22,020
2012	22,020	0	22,020
2013	22,020	0	22,020
	<u>\$330,142</u>	<u>\$19,712</u>	<u>\$349,854</u>

Note 17 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Administration", "Central", and "Inception of Capital Lease" in the funds which will be making the lease payments. 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 2006 were \$21,048 for governmental funds and \$7,021 for enterprise funds. During fiscal year 2006, a capital lease in the governmental funds was terminated which resulted in a reduction in the capital lease liability of \$14,887.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 17 - Capital Leases - Lessee Disclosure (continued)

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$129,802	\$39,452
Less Accumulated Depreciation	(22,263)	(10,684)
Total June 30, 2006	\$107,539	\$28,768

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, 2006.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$25,967	\$7,461	\$8,812	\$2,060
2008	25,873	5,064	8,126	1,193
2009	27,752	3,185	8,691	628
2010	20,285	1,307	4,565	90
2011	8,911	278	0	0
Total	\$108,788	\$17,295	\$30,194	\$3,971

Note 18 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts 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. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2006.

	Textbooks	Capital Improvements
Balance June 30, 2005	(\$1,377,020)	\$0
Current Year Set Aside Requirement	110,798	110,798
Qualifying Expenditures	(426,450)	(110,798)
Balance June 30, 2006	\$0	\$0
Amount Carried Forward to Fiscal Year 2007	(\$1,692,672)	\$0

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 18 - Set Asides (continued)

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

Note 19 - Interfund Transfers

During fiscal year 2006, the General Fund made transfers to other governmental funds, in the amount of \$77,013, as debt payments came due. The General Fund also made transfers to the Adult Education enterprise fund, in the amount of \$50,000, to support the operation of adult education.

Note 20 - 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 \$29,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$24,920 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 a scholarship each year.

Note 21 - Jointly Governed Organization

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Crawford, Clark, Cuyahoga, Delaware, Franklin, Hamilton, Knox, Mahoning, Marion, Morrow, Muskingum, Summit, Trumbull, 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 TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director of TRECA, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

Note 22 - Insurance Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated 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. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Note 22 - Insurance Pools (Continued)

B. Ohio School Boards Association 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 Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (GRP) was established as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as a coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 23 - 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, 2006.

B. Litigation

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

THIS PAGE INTENTIONALLY LEFT BLANK

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	N/A	10.550	\$0	\$3,955	\$0	\$3,955
Nutrition Cluster:						
School Breakfast Program	65268-05PU-2005	10.553	1,506	0	1,506	0
	65268-05PU-2006		12,692	0	12,692	0
Total School Breakfast Program			14,198	0	14,198	0
National School Lunch Program	065268-LLP4-2005	10.555	9,722	0	9,722	0
	065268-LLP4-2006		52,395	0	52,395	0
Total National School Lunch Program			62,117	0	62,117	0
Total Nutrition Cluster			76,315	0	76,315	0
Child and Adult Care Food Program	065268-LUCP-2005	10.558	435	0	435	0
	065268-LUCP-2006		1,043	0	1,043	0
	065268-CCMO-2005		5,113	0	5,113	0
	065268-CCMO-2006		13,773	0	13,773	0
Total Child and Adult Care Program			20,364	0	20,364	0
Total U.S. Department of Agriculture			96,679	3,955	96,679	3,955
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed Through the Ohio Department of Job and Family Services</i>						
Trade Adjustment Assistance		17.245	500	0	500	0
Total U.S. Department of Labor			500	0	500	0
U.S. DEPARTMENT OF EDUCATION						
Student Financial Assistance Cluster:						
Federal Pell Grant Program	N/A	84.063	142,489	0	142,489	0
Federal Family Education Loans	N/A	84.032	102,891	0	102,891	0
Total Student Financial Assistance Cluster			245,380	0	245,380	0
<i>Passed Through the Ohio Department of Education:</i>						
Safe and Drug-Free Schools and Communities_State Grants	65268-DRS1-2006	84.186	1,847	0	1,847	0
State Grants for Innovative Programs	65268-C2S1-2006	84.298	2,223	0	1,972	0
Improving Teacher Quality State Grants	65268-TRS1-2005	84.367	468	0	468	0
	65268-TRS1-2006		4,241	0	4,241	0
Total Improving Teacher Quality State Grants			4,709	0	4,709	0
Vocational Education_Basic Grants to States	65268-20C1-2005	84.048	44,485	0	0	0
	65268-20C1-2006		294,274	0	240,863	0
	65268-20A0-2005		10,000	0	9,939	0
Total Vocational Education_Basic Grants to States			348,759	0	250,802	0
<i>Passed Through Madison Joint Vocational School</i>						
Vocational Education_Basic Grants to States	65268-20C1-2005	84.048	44,172	0	40,238	0
Total Vocational Education_Basic Grants to States			392,931	0	291,040	0
<i>Passed Through Pioneer Joint Vocational School</i>						
Vocational Education_Occupational and Employment Information State Grants	65268-OE00-2005	84.346	0	0	4,000	0
Total U.S. Department of Education			647,090	0	548,948	0
TOTAL FEDERAL AWARDS			\$744,269	\$3,955	\$646,127	\$3,955

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

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agricultural are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the 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 District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated January 23, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the 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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated January 23, 2007, we reported an other matter related to noncompliance we deemed immaterial.

Tri-Rivers Joint Vocational School District
Marion County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the administrative committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 23, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of the Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Tri-Rivers Joint Vocational School District, Marion County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

N. Fourth St. / Second Floor / Columbus, OH 43215-3612
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the administrative committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 23, 2007

**TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.048 – Vocational Education – Basic Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Finding for Recovery Repaid Under Audit – Supplemental Contracts	Yes	Fully corrected.



Mary Taylor, CPA
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
APRIL 10, 2007