



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

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

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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, 2011, 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, 2011, 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 March 14, 2012, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 14, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
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, 2011. 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 2011 are as follows:

Net assets for governmental activities increased \$795,603 from the prior fiscal year, or almost 9 percent. While revenues had a very modest increase of 1 percent, expenses increased almost 6 percent; however, revenues were still in excess of expenses. Net assets for business-type activities increased \$168,884, or over 40 percent. This increase was largely due to an increase in charges for services in the Adult Education program.

General revenues were \$8,613,481 or 75 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, 95 percent of total revenues were generated by the programs, most of which was in the form of charges for services.

Using the Basic Financial Statements

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

The statement of net 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 2011. 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

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.

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, 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 and fiscal year 2010:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<u>Assets</u>						
Current and Other Assets	\$8,002,596	\$6,951,089	\$286,636	\$108,314	\$8,289,232	\$7,059,403
Capital Assets, Net	5,695,242	5,817,382	442,156	426,617	6,137,398	6,243,999
Total Assets	<u>13,697,838</u>	<u>12,768,471</u>	<u>728,792</u>	<u>534,931</u>	<u>14,426,630</u>	<u>13,303,402</u>
<u>Liabilities</u>						
Current and Other Liabilities	3,357,930	3,240,271	107,034	89,254	3,464,964	3,329,525
Long-Term Liabilities	399,297	383,192	36,494	29,297	435,791	412,489
Total Liabilities	<u>3,757,227</u>	<u>3,623,463</u>	<u>143,528</u>	<u>118,551</u>	<u>3,900,755</u>	<u>3,742,014</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	5,595,244	5,697,839	415,001	400,845	6,010,245	6,098,684
Restricted	45,447	32,392	0	0	45,447	32,392
Unrestricted	4,299,920	3,414,777	170,263	15,535	4,470,183	3,430,312
Total Net Assets	<u>\$9,940,611</u>	<u>\$9,145,008</u>	<u>\$585,264</u>	<u>\$416,380</u>	<u>\$10,525,875</u>	<u>\$9,561,388</u>

Overall, net assets for governmental activities increased almost 9 percent in fiscal year 2011 and is generally due to General Fund activity. The excess of revenues over expenses (again, primarily within the General Fund) is reflected in the increase in current and other assets above and is primarily reflected as an increase in cash and cash equivalents of nearly \$1.1 million.

The most significant change for business-type activities was the increase in current and other assets and the corresponding increase in unrestricted net assets. This increase is generally due to the increase in charges for services revenue (primarily Adult Education programs).

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
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(Continued)**

Table 2 reflects the change in net assets for fiscal year 2011 and fiscal year 2010.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$24,852	\$21,795	\$1,624,198	\$1,440,689	\$1,649,050	\$1,462,484
Operating Grants, Contributions, and Interest	2,844,548	2,711,357	300,736	315,355	3,145,284	3,026,712
Total Program Revenues	2,869,400	2,733,152	1,924,934	1,756,044	4,794,334	4,489,196
General Revenues						
Property Taxes	3,756,255	3,898,298	0	0	3,756,255	3,898,298
Payment in Lieu of Taxes	9,490	24,308	0	0	9,490	24,308
Grants and Entitlements not Restricted to Specific Programs	4,712,211	4,633,460	0	0	4,712,211	4,633,460
Interest	4,439	8,758	0	0	4,439	8,758
Other	131,086	63,288	91,747	168,895	222,833	232,183
Total General Revenues	8,613,481	8,628,112	91,747	168,895	8,705,228	8,797,007
Total Revenues	11,482,881	11,361,264	2,016,681	1,924,939	13,499,562	13,286,203
Expenses						
Instruction:						
Regular	295,077	230,419	0	0	295,077	230,419
Vocational	5,804,959	5,802,310	0	0	5,804,959	5,802,310
Adult/Continuing	65,339	36,726	0	0	65,339	36,726
Support Services:						
Pupils	709,526	740,734	0	0	709,526	740,734
Instructional Staff	483,318	331,667	0	0	483,318	331,667
Board of Education	91,285	312,788	0	0	91,285	312,788
Administration	836,512	756,868	0	0	836,512	756,868
Fiscal	380,820	382,537	0	0	380,820	382,537
Business	217,298	243,355	0	0	217,298	243,355
Operation of Maintenance of Plant	920,233	821,401	0	0	920,233	821,401
Pupil Transportation	15,319	12,077	0	0	15,319	12,077
Central	680,927	229,696	0	0	680,927	229,696
Non-Instructional Services	766	38,769	0	0	766	38,769
Extracurricular Activities	26,007	25,582	0	0	26,007	25,582
Interest and Fiscal Charges	3,710	4,990	0	0	3,710	4,990
Adult Education	0	0	1,548,051	1,473,190	1,548,051	1,473,190
Food Service	0	0	251,277	240,959	251,277	240,959
Rotary	0	0	204,651	248,803	204,651	248,803
Total Expenses	10,531,096	9,969,919	2,003,979	1,962,952	12,535,075	11,932,871
Increase (Decrease) in Net Assets						
Before Transfers	951,785	1,391,345	12,702	(38,013)	964,487	1,353,332
Transfers	(156,182)	(61,544)	156,182	61,544	0	0
Increase in Net Assets	795,603	1,329,801	168,884	23,531	964,487	1,353,332
Net Assets Beginning of Year	9,145,008	7,815,207	416,380	392,849	9,561,388	8,208,056
Net Assets End of Year	\$9,940,611	\$9,145,008	\$585,264	\$416,380	\$10,525,875	\$9,561,388

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

For governmental activities, total revenues increased a little over 1 percent and both program revenues and general revenues were very similar to the prior fiscal year.

Total expenses for governmental activities increased almost 6 percent from the prior fiscal year. The largest increase is reflected in the central support program and due to technological upgrades made during the fiscal year. The major program expense for governmental activities will always be for instruction, which was 59 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.

For business-type activities, total revenues increased almost 5 percent due to an increase in charges for services, primarily in the Adult Education program. Expenses increased a modest 2 percent.

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	
	2011	2010	2011	2010
Instruction:				
Regular	\$295,077	\$230,419	\$295,077	\$230,419
Special	0	0	(595,477)	(591,044)
Vocational	5,804,959	5,802,310	3,570,431	3,715,434
Adult/Continuing	65,339	36,726	40,339	11,726
Support Services:				
Pupils	709,526	740,734	695,131	711,241
Instructional Staff	483,318	331,667	483,318	331,667
Board of Education	91,285	312,788	91,285	312,788
Administration	836,512	756,868	836,512	756,868
Fiscal	380,820	382,537	380,820	382,537
Business	217,298	243,355	217,298	243,355
Operation and Maintenance of Plant	920,233	821,401	920,233	821,401
Pupil Transportation	15,319	12,077	15,319	12,077
Central	680,927	229,696	680,927	229,696
Non-Instructional Services	766	38,769	766	38,769
Extracurricular Activities	26,007	25,582	26,007	24,843
Interest and Fiscal Charges	3,710	4,990	3,710	4,990
Total Expenses	<u>\$10,531,096</u>	<u>\$9,969,919</u>	<u>\$7,661,696</u>	<u>\$7,236,767</u>

A review of the above table illustrates that a significant portion of program costs (approximately 73 percent for both fiscal years 2011 and 2010) were provided for through general revenues (property taxes and unrestricted state entitlements). Note, however, that the special instruction program received program revenues in excess of program costs due to the receipt of State foundation monies. Program revenues provided for over 38 percent of the costs of the vocational instruction program through operating grants and contributions restricted for such purposes.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

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 25 percent increase in fund balance. With virtually no change in revenues and an increase in expenditures of almost 6 percent, fund balance still increased over \$820,000 as revenues still exceeded expenditures.

The School District's enterprise funds are accounted for using the accrual basis of accounting. The only major enterprise fund is the Adult Education fund. This fund had an increase of 77 percent in net assets as a result of increased charges for services and having operations of the fund subsidized with transfers from the General Fund. The Board has made programmatic and staffing changes with hopes that these Board approved transfers will not have to continue in the future.

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 2011, 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. For expenditures, there was no change from the original budget to the final budget; however, actual expenditures were almost 13 percent less than budgeted amounts with savings reflected on most programs and due to conservative budgeting by the School District.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$5,695,242 invested in capital assets (net of accumulated depreciation) for governmental activities. Additions include equipment purchases used for vocational programs, a copier for administrative use, and vehicles used for operations and maintenance of the School District. Disposals were minimal.

The business-type activities had \$442,156 invested in capital assets (net of accumulated depreciation). There were additions for cafeteria equipment and a copier for the adult education program. There were no disposals.

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, 2011
UNAUDITED
(Continued)**

Debt

At June 30, 2011, the School District had an outstanding school facilities loan, in the amount of \$44,037, (the proceeds of which were used to construct a science wing) and capital leases, in the amount of \$55,961, for governmental activities.

Business-type activities had an outstanding capital lease, in the amount of \$27,155.

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 Notes 16 and 17 to the basic financial statements.

Current Issues

Tri-Rivers Joint Vocational School District is in a primarily residential/farming area of the State covering Crawford, Delaware, Hardin, Marion, Morrow, Union, and Wyandot counties. The School District's financial statements improved from fiscal year 2010 due to cost reduction measures aimed at staff reductions and health insurance modifications. These measures have helped the School District maintain operations and improve its financial position in a declining economy and uncertainty in State funding.

In June 1978, the School District passed a 2.1 mill continuing levy that generates approximately \$1.8 million. In November 2008, the School District renewed a 1 mill five-year operating levy that generates approximately \$900,000 annually.

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

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

The Board of Education and the Teachers Union negotiated a new three-year contract in the spring of 2010. The contract covers fiscal years 2011 through 2013. Salary increases are 2.5 percent, 2 percent, and 2 percent, respectfully.

Contacting the School District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,852,774	\$214,639	\$4,067,413
Accounts Receivable	1,836	8,478	10,314
Intergovernmental Receivable	21,361	61,136	82,497
Inventory Held for Resale	0	2,057	2,057
Materials and Supplies Inventory	57,602	326	57,928
Property Taxes Receivable	4,059,533	0	4,059,533
Payment in Lieu of Taxes Receivable	9,490	0	9,490
Nondepreciable Capital Assets	241,082	0	241,082
Depreciable Capital Assets, Net	5,454,160	442,156	5,896,316
Total Assets	<u>13,697,838</u>	<u>728,792</u>	<u>14,426,630</u>
<u>Liabilities:</u>			
Accounts Payable	64,808	15,771	80,579
Accrued Wages and Benefits Payable	683,369	59,237	742,606
Matured Compensated Absences Payable	45,633	0	45,633
Intergovernmental Payable	146,439	32,026	178,465
Deferred Revenue	2,417,681	0	2,417,681
Long-Term Liabilities:			
Due Within One Year	100,771	7,140	107,911
Due in More Than One Year	298,526	29,354	327,880
Total Liabilities	<u>3,757,227</u>	<u>143,528</u>	<u>3,900,755</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	5,595,244	415,001	6,010,245
Restricted For:			
Other Purposes	45,447	0	45,447
Unrestricted	4,299,920	170,263	4,470,183
Total Net Assets	<u>\$9,940,611</u>	<u>\$585,264</u>	<u>\$10,525,875</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, 2011**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$295,077	\$0	\$0
Special	0	0	595,477
Vocational	5,804,959	24,852	2,209,676
Adult/Continuing	65,339	0	25,000
Support Services:			
Pupils	709,526	0	14,395
Instructional Staff	483,318	0	0
Board of Education	91,285	0	0
Administration	836,512	0	0
Fiscal	380,820	0	0
Business	217,298	0	0
Operation and Maintenance of Plant	920,233	0	0
Pupil Transportation	15,319	0	0
Central	680,927	0	0
Non-Instructional Services	766	0	0
Extracurricular Activities	26,007	0	0
Interest and Fiscal Charges	3,710	0	0
Total Governmental Activities	<u>10,531,096</u>	<u>24,852</u>	<u>2,844,548</u>
<u>Business-Type Activities:</u>			
Adult Education	<u>1,548,051</u>	<u>1,349,831</u>	<u>151,610</u>
Other Enterprise Funds			
Food Service	251,277	125,232	133,348
Rotary	204,651	149,135	15,778
Total Other Enterprise Funds	<u>455,928</u>	<u>274,367</u>	<u>149,126</u>
Total Business-Type Activities	<u>2,003,979</u>	<u>1,624,198</u>	<u>300,736</u>
Total	<u>\$12,535,075</u>	<u>\$1,649,050</u>	<u>\$3,145,284</u>

General Revenues:

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

Transfers
 Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year - Restated (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
(\$295,077)	\$0	(\$295,077)
595,477	0	595,477
(3,570,431)	0	(3,570,431)
(40,339)	0	(40,339)
(695,131)	0	(695,131)
(483,318)	0	(483,318)
(91,285)	0	(91,285)
(836,512)	0	(836,512)
(380,820)	0	(380,820)
(217,298)	0	(217,298)
(920,233)	0	(920,233)
(15,319)	0	(15,319)
(680,927)	0	(680,927)
(766)	0	(766)
(26,007)	0	(26,007)
(3,710)	0	(3,710)
<u>(7,661,696)</u>	<u>0</u>	<u>(7,661,696)</u>
<u>0</u>	<u>(46,610)</u>	<u>(46,610)</u>
0	7,303	7,303
0	(39,738)	(39,738)
<u>0</u>	<u>(32,435)</u>	<u>(32,435)</u>
<u>0</u>	<u>(79,045)</u>	<u>(79,045)</u>
<u>(7,661,696)</u>	<u>(79,045)</u>	<u>(7,740,741)</u>
3,756,255	0	3,756,255
9,490	0	9,490
4,712,211	0	4,712,211
4,439	0	4,439
131,086	91,747	222,833
<u>8,613,481</u>	<u>91,747</u>	<u>8,705,228</u>
<u>(156,182)</u>	<u>156,182</u>	<u>0</u>
<u>8,457,299</u>	<u>247,929</u>	<u>8,705,228</u>
795,603	168,884	964,487
9,145,008	416,380	9,561,388
<u>\$9,940,611</u>	<u>\$585,264</u>	<u>\$10,525,875</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,812,254	\$40,520	\$3,852,774
Accounts Receivable	1,836	0	1,836
Intergovernmental Receivable	7,577	13,784	21,361
Interfund Receivable	9,457	0	9,457
Materials and Supplies Inventory	57,602	0	57,602
Property Taxes Receivable	4,059,533	0	4,059,533
Payment in Lieu of Taxes Receivable	9,490	0	9,490
Total Assets	<u>\$7,957,749</u>	<u>\$54,304</u>	<u>\$8,012,053</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$62,451	\$2,357	\$64,808
Accrued Wages and Benefits Payable	683,369	0	683,369
Matured Compensated Absences Payable	45,633	0	45,633
Intergovernmental Payable	146,439	0	146,439
Interfund Payable	0	9,457	9,457
Deferred Revenue	2,938,940	7,284	2,946,224
Total Liabilities	<u>3,876,832</u>	<u>19,098</u>	<u>3,895,930</u>
<u>Fund Balances:</u>			
Nonspendable	57,602	0	57,602
Restricted	0	38,163	38,163
Assigned	193,913	0	193,913
Unassigned (Deficit)	3,829,402	(2,957)	3,826,445
Total Fund Balances	<u>4,080,917</u>	<u>35,206</u>	<u>4,116,123</u>
Total Liabilities and Fund Balances	<u>\$7,957,749</u>	<u>\$54,304</u>	<u>\$8,012,053</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, 2011**

Total Governmental Fund Balances \$4,116,123

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. 5,695,242

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

Accounts Receivable	7,490	
Intergovernmental Receivable	9,052	
Property Taxes Receivable	512,001	
	528,543	528,543

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

School Facilities Loan Payable	(44,037)	
Compensated Absences Payable	(299,299)	
Capital Leases Payable	(55,961)	
	(399,297)	(399,297)

Net Assets of Governmental Activities \$9,940,611

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, 2011**

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$3,677,207	\$0	\$3,677,207
Payment in Lieu of Taxes	9,490	0	9,490
Intergovernmental	6,922,180	602,579	7,524,759
Interest	4,439	4	4,443
Tuition and Fees	70	0	70
Rent	22,998	0	22,998
Gifts and Donations	1,000	400	1,400
Other	128,453	22,122	150,575
Total Revenues	<u>10,765,837</u>	<u>625,105</u>	<u>11,390,942</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	275,550	0	275,550
Vocational	5,378,002	148,211	5,526,213
Adult/Continuing	0	65,339	65,339
Support Services:			
Pupils	616,130	122,922	739,052
Instructional Staff	327,953	150,950	478,903
Board of Education	91,285	0	91,285
Administration	830,523	11,882	842,405
Fiscal	379,472	0	379,472
Business	212,787	0	212,787
Operation and Maintenance of Plant	966,107	0	966,107
Pupil Transportation	10,766	0	10,766
Central	594,051	65,747	659,798
Non-Instructional Services	766	0	766
Extracurricular Activities	26,007	0	26,007
Capital Outlay	95,146	0	95,146
Debt Service:			
Principal Retirement	22,524	22,021	44,545
Interest and Fiscal Charges	3,710	0	3,710
Total Expenditures	<u>9,830,779</u>	<u>587,072</u>	<u>10,417,851</u>
Excess of Revenues Over Expenditures	<u>935,058</u>	<u>38,033</u>	<u>973,091</u>
<u>Other Financing Sources (Uses):</u>			
Inception of Capital Lease	25,000	0	25,000
Transfers In	14,267	22,021	36,288
Transfers Out	(153,393)	(2,272)	(155,665)
Total Other Financing Sources (Uses)	<u>(114,126)</u>	<u>19,749</u>	<u>(94,377)</u>
Changes in Fund Balances	820,932	57,782	878,714
Fund Balances (Deficit) at Beginning of Year	<u>3,259,985</u>	<u>(22,576)</u>	<u>3,237,409</u>
Fund Balances at End of Year	<u>\$4,080,917</u>	<u>\$35,206</u>	<u>\$4,116,123</u>

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, 2011**

Changes in Fund Balances - Total Governmental Funds \$878,714

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

Governmental funds report capital outlays as expenditures.

However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:

Capital Outlay	185,163	
Depreciation	(292,568)	
	(107,405)	(107,405)

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. (14,735)

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

Property Taxes	79,048	
Intergovernmental	8,474	
Tuition and Fees	1,271	
Rent	513	
Miscellaneous	2,372	
	91,678	91,678

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 44,545

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 (25,000)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: (35,650)

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.

Allocated to Activities		(36,544)
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Change in Net Assets of Governmental Activities \$795,603

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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$3,502,155	\$3,502,155	\$3,669,174	\$167,019
Payment in Lieu of Taxes	24,308	24,308	9,490	(14,818)
Intergovernmental	7,111,288	7,111,288	6,922,180	(189,108)
Interest	7,500	7,500	4,439	(3,061)
Tuition and Fees	0	0	180	180
Rent	15,000	15,000	23,908	8,908
Gifts and Donations	1,450	1,450	1,000	(450)
Other	35,700	35,948	111,459	75,511
Total Revenues	10,697,401	10,697,649	10,741,830	44,181
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	286,044	286,044	272,075	13,969
Vocational	6,527,477	6,527,477	5,321,570	1,205,907
Support Services:				
Pupils	743,094	743,094	632,306	110,788
Instructional Staff	370,197	370,197	340,309	29,888
Board of Education	152,573	152,573	120,448	32,125
Administration	954,832	954,833	807,126	147,707
Fiscal	456,922	456,922	383,761	73,161
Business	216,576	216,575	233,784	(17,209)
Operation and Maintenance of Plant	1,224,068	1,224,068	1,042,093	181,975
Pupil Transportation	16,768	16,768	10,766	6,002
Central	383,090	383,090	594,366	(211,276)
Non-Instructional Services	2,002	2,002	766	1,236
Extracurricular Activities	26,141	26,141	26,007	134
Capital Outlay	78,541	78,541	128,827	(50,286)
Total Expenditures	11,438,325	11,438,325	9,914,204	1,524,121
Excess of Revenues Over (Under) Expenditures	(740,924)	(740,676)	827,626	1,568,302
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	8,000	8,000	17,450	9,450
Refund of Prior Year Receipts	0	0	(550)	(550)
Advances In	162,042	162,042	162,042	0
Advances Out	(6,500)	(6,500)	(6,500)	0
Transfers In	4,500	4,500	14,267	9,767
Transfers Out	(153,393)	(153,393)	(153,393)	0
Total Other Financing Sources (Uses)	14,649	14,649	33,316	18,667
Changes in Fund Balance	(726,275)	(726,027)	860,942	1,586,969
Fund Balance at Beginning of Year	2,586,917	2,586,917	2,586,917	0
Prior Year Encumbrances Appropriated	127,644	127,644	127,644	0
Fund Balance at End of Year	\$1,988,286	\$1,988,534	\$3,575,503	\$1,586,969

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, 2011**

	Business-Type Activities		
	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Assets:</u>			
<u>Current Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$24,214	\$190,425	\$214,639
Accounts Receivable	6,010	2,468	8,478
Intergovernmental Receivable	60,558	578	61,136
Inventory Held for Resale	0	2,057	2,057
Materials and Supplies Inventory	0	326	326
Total Current Assets	90,782	195,854	286,636
<u>Non-Current Assets:</u>			
Depreciable Capital Assets, Net	338,712	103,444	442,156
Total Assets	429,494	299,298	728,792
<u>Liabilities:</u>			
<u>Current Liabilities:</u>			
Accounts Payable	14,601	1,170	15,771
Accrued Wages and Benefits Payable	35,500	23,737	59,237
Intergovernmental Payable	21,341	10,685	32,026
Compensated Absences Payable	1,901	0	1,901
Capital Leases Payable	5,239	0	5,239
Total Current Liabilities	78,582	35,592	114,174
<u>Non-Current Liabilities</u>			
Compensated Absences Payable	7,438	0	7,438
Capital Leases Payable	21,916	0	21,916
Total Non-Current Liabilities	29,354	0	29,354
Total Liabilities	107,936	35,592	143,528
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	311,557	103,444	415,001
Unrestricted	10,001	160,262	170,263
Total Net Assets	\$321,558	\$263,706	\$585,264

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, 2011**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
<u>Operating Revenues:</u>				
Sales	\$0	\$274,367	\$274,367	\$0
Charges for Services	1,349,831	0	1,349,831	0
Other Operating Revenues	91,160	587	91,747	261
Total Operating Revenues	<u>1,440,991</u>	<u>274,954</u>	<u>1,715,945</u>	<u>261</u>
<u>Operating Expenses:</u>				
Salaries	936,214	107,367	1,043,581	0
Fringe Benefits	279,292	89,760	369,052	0
Purchased Services	120,980	9,311	130,291	0
Materials and Supplies	177,369	103,018	280,387	0
Cost of Sales	0	141,338	141,338	0
Depreciation	25,802	5,134	30,936	0
Total Operating Expenses	<u>1,539,657</u>	<u>455,928</u>	<u>1,995,585</u>	<u>0</u>
Operating Income (Loss)	<u>(98,666)</u>	<u>(180,974)</u>	<u>(279,640)</u>	<u>261</u>
<u>Non-Operating Revenues (Expenses)</u>				
Grants	151,610	148,998	300,608	0
Interest Revenue	0	128	128	0
Interest Expense	(8,394)	0	(8,394)	0
Total Non-Operating Revenues (Expenses)	<u>143,216</u>	<u>149,126</u>	<u>292,342</u>	<u>0</u>
Income (Loss) Before Transfers	44,550	(31,848)	12,702	261
Transfers In	95,443	35,929	131,372	0
Transfers Out	0	(620)	(620)	(11,375)
Changes in Net Assets	139,993	3,461	143,454	(11,114)
Net Assets at Beginning of Year	181,565	260,245		11,114
Net Assets at End of Year	<u>\$321,558</u>	<u>\$263,706</u>		<u>\$0</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.

Change in net assets of business-type activities	<u>25,430</u> <u>\$168,884</u>
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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, 2011**

	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	\$1,305,794	\$277,009	\$1,582,803	\$0
Cash Received from Other Revenues	91,160	440	91,600	261
Cash Payments for Salaries	(928,848)	(107,016)	(1,035,864)	0
Cash Payments for Fringe Benefits	(275,955)	(91,142)	(367,097)	0
Cash Payments for Goods and Services	(285,597)	(251,623)	(537,220)	0
Net Cash Provided by (Used for) Operating Activities	<u>(93,446)</u>	<u>(172,332)</u>	<u>(265,778)</u>	<u>261</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Cash Received from Grants	157,921	150,829	308,750	0
Cash Received from Transfers In	95,443	35,929	131,372	0
Cash Payments for Advances Out	(102,500)	(100)	(102,600)	0
Cash Payments for Transfers Out	0	(620)	(620)	(11,375)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>150,864</u>	<u>186,038</u>	<u>336,902</u>	<u>(11,375)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition of Capital Assets	0	(16,475)	(16,475)	0
Cash Payments for Lease Principal	(28,617)	0	(28,617)	0
Cash Payments for Lease Interest	(8,394)	0	(8,394)	0
Net Cash Used for Capital and Related Financing Activities	<u>(37,011)</u>	<u>(16,475)</u>	<u>(53,486)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>				
Cash Received from Interest	0	128	128	0
Net Increase (Decrease) in Cash and Cash Equivalents	20,407	(2,641)	17,766	(11,114)
Cash and Cash Equivalents at Beginning of Year	3,807	193,066	196,873	11,114
Cash and Cash Equivalents at End of Year	<u>\$24,214</u>	<u>\$190,425</u>	<u>\$214,639</u>	<u>\$0</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
Reconciliation of Operating Income (Loss) <u>to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	(\$98,666)	(\$180,974)	(\$279,640)	\$261
Adjustments to Reconcile Operating Income (Loss) <u>to Net Cash Provided by (Used for) Operating Activities:</u>				
Depreciation	25,802	5,134	30,936	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(4,462)	2,515	(1,947)	0
Increase in Intergovernmental Receivable	(39,575)	(20)	(39,595)	0
Decrease in Inventory Held for Resale	0	809	809	0
Decrease in Materials and Supplies Inventory	0	65	65	0
Increase in Accounts Payable	12,752	1,170	13,922	0
Increase in Accrued Wages and Benefits Payable	4,393	333	4,726	0
Increase (Decrease) in Intergovernmental Payable	496	(1,364)	(868)	0
Increase in Compensated Absences Payable	5,814	0	5,814	0
Net Cash Provided by (Used for) Operating Activities	<u>(\$93,446)</u>	<u>(\$172,332)</u>	<u>(\$265,778)</u>	<u>\$261</u>

Non-Cash Transaction

During fiscal year 2011, the Adult Education enterprise fund entered into a new capital lease for equipment, in the amount of \$30,000.

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, 2011**

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$81,034	\$22,123
Notes Receivable	2,719	0
Total Assets	83,753	\$22,123
<u>Liabilities:</u>		
Undistributed Assets	0	\$3,272
Due to Students	0	18,851
Total Liabilities	0	\$22,123
<u>Net Assets:</u>		
Held in Trust for Scholarships	33,502	
Endowments	50,251	
Total Net Assets	\$83,753	

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, 2011**

<u>Additions:</u>	
Interest	\$93
Gifts and Donations	650
Total Additions	<u>743</u>
 <u>Deductions:</u>	
Non-Instructional Services	<u>1,049</u>
Change in Net Assets	(306)
Net Assets Beginning of Year	<u>84,059</u>
Net Assets End of Year	<u><u>\$83,753</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1974. The School District serves Marion and the surrounding counties. It is staffed by thirty-four classified employees, ninety-nine certified teaching personnel, and six administrative employees who provide services to six hundred twenty-six 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 Stark County Schools Council of Governments Health Benefit Plan and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 22 and 23 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Tri-Rivers Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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, 2011
(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, 2011
(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, committed, or assigned for 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 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 non-instructional staff-related activities and student-managed activities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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, 2011
(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, tuition, student fees, and rent.

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 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 is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 final amended certificate of estimated resources requested by the School District prior to fiscal year end.

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

F. Cash and Investments

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

During fiscal year 2011, the School District invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but 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, 2011.

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 2011, was \$4,439.

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

G. Inventory

Inventory is stated at cost on a first-in, first-out basis and is expensed/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, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

H. 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	20 - 65 years
Furniture, Fixtures, and Equipment	5 - 30 years
Vehicles	10 years

I. 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".

J. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the 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 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 and capital leases are recognized as a liability on the fund financial statements when due.

L. 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 through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for federal and state grants.

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

M. Fund Balance

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for adult education, sales for food service 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.

O. Interfund Transactions

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the 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.

P. 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 - Restatement of Net Assets

In the prior fiscal year, the School District did not correctly calculate the receivable for payment in lieu of taxes. The restatement had the following effect on net assets.

	Governmental
	<u>Activities</u>
Net Assets at June 30, 2010	\$9,169,316
Payment in Lieu of Taxes Receivable	<u>(24,308)</u>
Restated Net Assets at June 30, 2010	<u><u>\$9,145,008</u></u>

Note 4 - Accountability

At June 30, 2011, the Bond Retirement debt service fund had a deficit fund balance, in the amount of \$2,957, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

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

Changes in Fund Balance	
GAAP Basis	\$820,932
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2010, Received in Cash FY 2011	1,132,939
Accrued FY 2011, Not Yet Received in Cash	(1,139,496)
	(continued)

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 5 - Budgetary Basis of Accounting (continued)

Changes in Fund Balance (continued)	
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(\$800,495)
Accrued FY 2011, Not Yet Paid in Cash	937,892
Materials and Supplies Inventory	(6,664)
Advances In	162,042
Advances Out	(6,500)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	<u>(239,708)</u>
Budget Basis	<u><u>\$860,942</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;
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;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 6 - Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio 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);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,391,477 of the School District's bank balance of \$4,474,889 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2011, the fair value of funds on deposit with STAR Ohio was \$56,655. The School District's investment in STAR Ohio had an average maturity of 58.3 days. STAR Ohio carries a rating of AAA by Standards and Poor's. The School District has no policy regarding interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 7 - Receivables

Receivables at June 30, 2011, consisted of accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, property taxes, payment in lieu of taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes and a portion of notes, are considered collectible within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable are repaid according to payment schedules made with the various students.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	\$7,577
Other Governmental Funds	
VEPD	13,784
Total Governmental Activities	<u>\$21,361</u>
Business-Type Activities	
Adult Education	\$60,558
Other Enterprise Funds	
Rotary	578
Total Business-Type Activities	<u>\$61,136</u>

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 8 - Property Taxes (continued)

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. 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.

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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$1,139,341 in the General Fund. The amount available as an advance at June 30, 2010, was \$1,131,308 in the General Fund.

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.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,569,698,970	95.04%	\$1,586,302,560	94.75%
Public Utility	81,970,290	4.96	87,910,530	5.25
Total Assessed Value	<u>\$1,651,669,260</u>	<u>100.00%</u>	<u>\$1,674,213,090</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

Note 9 - Payment in Lieu of Taxes

According to State law, Marion County and the City of Marion have entered into agreements with a number of property owners under which the County and the City have granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County and the City which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The agreements require a portion of these payments to be made to the School District. Each property owner contractually promises to make these payments in lieu of taxes until the agreement expires.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$241,082	\$0	\$0	\$241,082
Construction in Progress	61,543	2,444	(63,987)	0
Total Nondepreciable Capital Assets	302,625	2,444	(63,987)	241,082
Depreciable Capital Assets				
Land Improvements	412,591	0	0	412,591
Buildings and Building Improvements	8,866,991	63,987	0	8,930,978
Furniture, Fixtures, and Equipment	1,082,455	116,515	(44,934)	1,154,036
Vehicles	44,590	66,204	(26,340)	84,454
Total Depreciable Capital Assets	10,406,627	246,706	(71,274)	10,582,059
Less Accumulated Depreciation				
Land Improvements	(325,541)	(41,259)	0	(366,800)
Buildings and Building Improvements	(4,060,428)	(174,278)	0	(4,234,706)
Furniture, Fixtures, and Equipment	(472,708)	(71,844)	38,402	(506,150)
Vehicles	(33,193)	(5,187)	18,137	(20,243)
Total Accumulated Depreciation	(4,891,870)	(292,568)	56,539	(5,127,899)
Depreciable Capital Assets, Net	5,514,757	(45,862)	(14,735)	5,454,160
Governmental Activities Capital Assets, Net	\$5,817,382	(\$43,418)	(\$78,722)	\$5,695,242
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$780,832	\$0	\$0	\$780,832
Furniture, Fixtures, and Equipment	73,636	46,475	0	120,111
Total Depreciable Capital Assets	854,468	46,475	0	900,943
Less Accumulated Depreciation				
Buildings and Building Improvements	(377,848)	(14,478)	0	(392,326)
Furniture, Fixtures, and Equipment	(50,003)	(16,458)	0	(66,461)
Total Accumulated Depreciation	(427,851)	(30,936)	0	(458,787)
Business-Type Activities Capital Assets, Net	\$426,617	\$15,539	\$0	\$442,156

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 10 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$239,610
Support Services:	
Pupils	1,608
Instructional Staff	4,415
Administration	6,551
Fiscal	1,608
Business	4,826
Operation and Maintenance of Plant	21,353
Pupil Transportation	4,553
Central	8,044
Total Depreciation Expense	<u>\$292,568</u>

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	\$4,041
Rotary	1,093
	<u>\$5,134</u>

Note 11 - Interfund Assets/Liabilities

Interfund balances at June 30, 2011, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Other Governmental Funds	
VEPD	\$6,500
Bond Retirement	2,957
	<u>\$9,457</u>

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 and to alleviate the deficit cash balance in the debt service fund. 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, 2011
(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 2011, the School District contracted for the following insurance coverage:

Coverage provided by Argonaut Insurance Group:

Buildings and Contents - replacement cost	\$36,846,000
Auto Liability	1,000,000
General Liability	
Each Occurrence	1,000,000
Aggregate	3,000,000
Excess Liability	2,000,000

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.

On January 1, 2010, the School District terminated its self-insured program for employee health care and related benefits and joined the Stark County Schools Council of Governments Health Benefit Plan (Plan), a public entity shared risk pool. The School District pays monthly premiums to the Plan for employee medical, dental, vision, and life insurance benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

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

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). 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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years 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 of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$628,930 and \$18,454 for the fiscal year ended June 30, 2011, \$626,264 and \$20,768 for the fiscal year ended June 30, 2010, and \$610,881 for the fiscal year ended June 30, 2009. For fiscal year 2011, 83 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The contribution to STRS Ohio for the DCP for fiscal year 2011 was \$3,970 made by the School District and \$2,836 made by the plan members. In addition, member contributions of \$13,181 were made for fiscal year 2011 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$112,690, \$116,312, and \$111,967, respectively. The full amount 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, 2011, nine of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$50,104, \$50,032, and \$47,004, respectively. For fiscal year 2011, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 14 - Postemployment Benefits (continued)

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, this amount was \$35,800. For fiscal year 2011, the School District paid \$13,577 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$13,645, \$4,187, and \$51,241, respectively. The full amount has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$7,252, \$6,917, and \$9,238, respectively. The full amount has been contributed for all three fiscal years.

Note 15 - Other Employee Benefits

A. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 15 - Other Employee Benefits (continued)

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

B. Health Care Benefits

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

C. Separation Benefits

The School District offers a separation benefit of \$15,000 to teachers under the TREA Bargaining Unit who retire during the summer of their first year of eligibility or who retire during the summer after they first attain 30 years of STRS service credit at any age. At June 30, 2011, there was no liability for separation benefits.

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
Governmental Activities					
General Obligations					
School Facilities Loan FY 1999 0.00%	\$66,058	\$0	\$22,021	\$44,037	\$22,021
Compensated Absences Payable	263,649	83,230	47,580	299,299	52,173
Capital Leases Payable	53,485	25,000	22,524	55,961	26,577
Total Governmental Activities Long-Term Obligations	\$383,192	\$108,230	\$92,125	\$399,297	\$100,771
Business-Type Activities					
Compensated Absences Payable	\$3,525	\$5,814	\$0	\$9,339	\$1,901
Capital Leases Payable	25,772	30,000	28,617	27,155	5,239
Total Business-Type Activities Long-Term Obligations	\$29,297	\$35,814	\$28,617	\$36,494	\$7,140

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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.

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

The School District's overall debt margin was \$142,723,193 with an unvoted debt margin of \$1,542,266 at June 30, 2011.

Principal requirements to retire the general obligation debt outstanding at June 30, 2011, were as follows:

Fiscal Year	Principal
2012	\$22,021
2013	22,016
	\$44,037

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. 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 2011 were \$22,524 for governmental funds and \$28,617 for enterprise funds.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$123,581	\$82,705
Less Accumulated Depreciation	(75,628)	(46,164)
Total June 30, 2011	\$47,953	\$36,541

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 17 - Capital Leases - Lessee Disclosure (continued)

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, 2011.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$26,577	\$3,200	\$5,239	\$2,240
2013	15,898	1,626	5,733	1,747
2014	5,227	1,006	6,273	1,207
2015	5,223	490	6,268	588
2016	3,036	81	3,642	97
Total	\$55,961	\$6,403	\$27,155	\$5,879

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 2011.

	Textbooks	Capital Improvements
Balance June 30, 2010	(\$4,440,972)	\$0
Current Year Set Aside Requirement	109,650	109,650
Qualifying Expenditures	(488,927)	(109,650)
Balance June 30, 2011	(\$4,820,249)	\$0

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. Effective July 1, 2011, the textbook set aside is no longer required and has been removed from existing law. This negative balance is therefore not presented as being carried forward to the future fiscal year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 19 - Interfund Transfers

During fiscal year 2011, the General Fund made transfers to other governmental funds, in the amount of \$22,021, as debt payments came due. The General Fund also made transfers to the Adult Education and Rotary enterprise funds, in the amount of \$131,372, to support the operation of adult education and the preschool program. The Bond Retirement debt service fund made transfers, in the amount of \$2,272 to the General Fund, close out the fund. The Rotary enterprise fund made transfers, in the amount \$620, to the General Fund, to close the maintenance program. The internal service fund made transfers, in the amount of \$11,375, to the General Fund, to close out the fund.

Note 20 - Fund Balance

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

<u>Fund Balance</u>	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Nonspendable for:			
Materials and Supplies Inventory	\$57,602	\$0	\$57,602
Restricted for:			
Adult Education	0	610	610
Career Development	0	7,007	7,007
Professional Development	0	5,728	5,728
Recycling	0	5	5
Student Assistance	0	3,941	3,941
Vocational Instruction	0	20,872	20,872
Total Restricted	0	38,163	38,163
Assigned for:			
Unpaid Obligations	193,739	0	193,739
Wellness Activities	174	0	174
Total Assigned	193,913	0	193,913
Unassigned (Deficit):	3,829,402	(2,957)	3,826,445
Total Fund Balance	<u>\$4,080,917</u>	<u>\$35,206</u>	<u>\$4,116,123</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 21 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$33,502 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide scholarships each year.

Note 22 - Jointly Governed Organization

The School District is a participant in the 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. During fiscal year 2011, the School District paid \$37,482 to TRECA for various services. Financial information can be obtained from TRECA, 100 Executive Drive, Marion, Ohio 43302.

Note 23 - Insurance Pools

A. Stark County Schools Council of Governments Health Benefit Plan

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

Note 23 - Insurance Pools (continued)

B. Ohio Association of School Business Officials 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 Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 24 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation

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

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Federal CFDA Number	Receipts	Disburse- ments
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	10.553	\$ 28,467	\$ 28,467
National School Lunch Program	10.555	101,182	101,182
Cash Assistance Subtotal:		<u>129,649</u>	<u>129,649</u>
Total Nutrition Cluster		<u>129,649</u>	<u>129,649</u>
Child and Adult Care Food Program	10.558	18,085	18,085
Total U.S. Department of Agriculture		<u>147,734</u>	<u>147,734</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	482,541	482,541
Federal Direct Student Loans	84.268	630,918	630,918
Total Student Financial Assistance Cluster		<u>1,113,459</u>	<u>1,113,459</u>
Rural Education	84.358	54,715	54,715
<i>Passed Through the Ohio Department of Education:</i>			
Improving Teacher Quality State Grants	84.367	4,203	4,203
Career and Technical Education-Basic Grants to States	84.048	289,722	296,222
<i>Passed Through Madison Local School District:</i>			
Career and Technical Education-Basic Grants to States	84.048	127,994	82,684
Total Career and Technical Education-Basic Grants to States		<u>417,716</u>	<u>378,906</u>
Total U.S. Department of Education		<u>1,590,093</u>	<u>1,551,283</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6,588	507
Total U.S. Department of Justice		<u>6,588</u>	<u>507</u>
TOTAL FEDERAL AWARDS		<u>\$ 1,744,415</u>	<u>\$ 1,699,524</u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Tri-Rivers Joint Vocational School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

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



Dave Yost • 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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2012. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 14, 2012.

We intend this report solely for the information and use of management, the finance committee, the Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

March 14, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 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 could directly and materially affect each of Tri-Rivers Joint Vocational School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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.

As described in finding 2011-001 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable cost/cost principles and period of availability applicable to its Career and Technical Education Basic Grants to States major federal program. Compliance with these requirements is necessary, in our opinion, for the District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Tri-Rivers Joint Vocational School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

The results of our auditing procedures also disclosed other instances of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists these instances as Findings 2011-002 through 2011-004.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-001 through 2011-004 to be material weaknesses.

The District's responses to the findings we identified are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 14, 2012.

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



Dave Yost
Auditor of State

March 14, 2012

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – Career and Technical Education – Basic Grants to States Unqualified – Student Financial Assistance Cluster
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	<u>Student Financial Assistance Cluster</u> CFDA #84.268 – Federal Direct Student Loans CFDA #84.063 – Federal Pell Grant Program CFDA #84.048 – Career and Technical Education – Basic Grants to States
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2011-001
CFDA Title and Number	Career and Technical Education – CFDA #84.048
Federal Award Number / Year	2010/2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

**Questioned Costs/Material Noncompliance/Material Weakness – Allowable Costs/Cost Principles and Period of Availability
Career and Technical Education**

2 C.F.R. Part 225, Appendix B (8)(h) states that the following standards regarding time distribution are in addition to the standards for payroll documentation:

1. Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
2. No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
3. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
4. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) below unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - a. More than one Federal award,
 - b. A Federal award and a non-federal award,
 - c. An indirect cost activity and a direct cost activity,
 - d. Two or more indirect activities which are allocated using different allocation bases, or
 - e. An unallowable activity and a direct or indirect cost activity.
5. Personnel activity reports or equivalent documentation must meet the following standards:
 - a. They must reflect an after-the-fact distribution of the actual activity of each employee,
 - b. They must account for the total activity for which each employee is compensated,
 - c. They must be prepared at least monthly and must coincide with one or more pay periods, and
 - d. They must be signed by the employee.
 - e. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards by may be used for interim accounting purposes, provided that:
 - i. The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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**Questioned Costs/Material Noncompliance/Material Weakness – Allowable Costs/Cost Principles and Period of Availability
Career and Technical Education (Continued)**

- ii. At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
- iii. The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Additionally, 2 C.F.R. §215.28 states that where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. In the State of Ohio, programs in Ohio Department of Education's (ODE's) Consolidated Application have a project period starting with the application's substantially approved date through June 30. The substantially approved date of the fiscal year 2011 Career and Technical Education application was September 9, 2010.

During fiscal year 2011, the District charged portions of the Superintendent's, Executive Director's, and five Directors' salaries to the Career and Technical Education program in the amount of \$289,722. Personnel activity reports or equivalent documentation were not prepared by these employees. Additionally, portions of these salaries charged to the program were relating to obligations incurred prior to the period of availability. As a result, we are questioning the salaries of the Superintendent, Executive Director, and five Directors charged to the Career and Technical Education program in the amount of \$289,722.

We recommend that the District follow the compliance requirements included in 2 C.F.R. Part 225, Appendix B and 2 CFR §215.28 to ensure the allowability of salaries charged to the federal programs.

Officials' Response and Corrective Action Plan

Planned Corrective Action – Beginning in FY 2013, Tri-Rivers will start to charge its contracted maintenance/janitorial costs; as well as, its utility, telecommunication and advertising costs to the Carl Perkins Grant (Career and Technical program). In FY 2012, Tri-Rivers will again charge less than 40% of its guidance and support services employment costs to the Carl Perkins Grant. We know that far more than 40% of our guidance department and career tech director's time on task is spent on career guidance and counseling, curriculum development, marketing, program evaluation and technical assessment. We will require our "allocated" staff to certify this allocation percentage for FY 2012.

Anticipated Completion Date – We were made aware of these concerns in March, 2012. Thus, we will begin our corrective action immediately.

Responsible Contact Person – Stephen J. Earnest, Treasurer

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number	2011-002
CFDA Title and Number	Student Financial Assistance Cluster – CFDA #84.063/ 84.268
Federal Award Number / Year	2010/2011
Federal Agency	U.S. Department of Education

**Material Noncompliance / Material Weakness – Eligibility
Student Financial Assistance Cluster**

34 C.F.R. § 690.64 states that for Federal Pell Grants, if a student enrolls in a payment period which is scheduled to occur in two award years, the following requirements apply;

1. The entire payment period must be considered to occur within one award year;
2. An institution must assign the payment period to the award year in which the student receives the greater payment for the payment period based on the information available at the time that the student's Federal Pell Grant is initially calculated.
3. If an institution places the payment period in the first award year, it shall pay a student with funds from the first award year; and
4. If an institution places the payment period in the second award year, it shall pay a student with funds from the second award year.

Additionally, an institution may not make a payment which will result in the student receiving more than his or her scheduled Federal Pell Grant for an award year.

Furthermore, 34 C.F.R. § 685.203 states that for Federal Direct Loans, the annual maximum loan amount an undergraduate student may borrow must be prorated in the following situations:

1. When the student is enrolled in a program that is shorter than a full academic year; and
2. When the student is enrolled in a program that is one academic year or more in length, but is in a remaining period of study that is shorter than a full academic year.

The District's academic year was 900 clock hours and 26 weeks of instructional time.

During fiscal year 2011, the District calculated all Federal Pell Grants and Federal Direct Loan awards based on the District's fiscal year rather than in accordance with the above requirements. This resulted in twenty-seven percent of the Federal Pell Grants and Federal Direct Loans tested being calculated incorrectly. In addition, although these awards were calculated incorrectly, it did not result in any student receiving more aid than allowed.

We recommend that the District calculate Federal Pell Grant and Federal Direct Loan awards based on the criteria set forth in 34 C.F.R. § 690.64 and § 685.203. We further recommend that the Director of Adult Education review and approve all awards prior to submission, ensuring that the award amount is appropriate.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

**Material Noncompliance / Material Weakness – Eligibility
Student Financial Assistance Cluster – (Continued)**

Officials’ Response and Corrective Action Plan

We have been working to insure that we are calculating programs that cross over two fiscal years correctly. In the past we had requested clarification from the U.S. Department of Ed over how to base award years that cross the school fiscal year timeline and believed that we were calculating awards correctly. Basis discussions with our local State of Ohio Auditors and further review of the Federal Financial Aid regulations we determined that we had been incorrectly calculating awards, on programs that had a summer break that crossed the school’s fiscal year. We had been calculating awards to the end of the school fiscal year, June 30th. We did hire a Financial Aid consultant to come in and review our policies and procedures. We have developed a specialized spreadsheet that documents daily program hours and instructional weeks and are using this spreadsheet for all current and future programs. We have had this spreadsheet reviewed by our local auditors to ensure that our methodology is correct and that we comply with federal financial aid guidelines. We have also implemented a program review process whereby the Adult Director reviews the calculation and award payments. The responsible contact person for this Finding is Richard George, Adult Education Director.

Finding Number	2011-003
CFDA Title and Number	Student Financial Assistance Cluster – CFDA #84.063/84.268
Federal Award Number / Year	2010/2011
Federal Agency	U.S. Department of Education

**Material Noncompliance / Material Weakness – Cash Management
Student Financial Assistance Cluster**

34 CFR § 668.166(a)(1) states that the Secretary considers excess cash to be any amount of funds that an institution does not disburse to students or parents by the end of the third business day following the date the institution:

- (i) Received those funds from the Secretary; or
- (ii) Deposited or transferred to its Federal account previously disbursed title IV, HEA program funds received from the Secretary, such as those resulting from award adjustments, recoveries, or cancellations.

Furthermore, 34 CFR § 668.166 (b) states that an institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period.

Lastly, 34 CFR § 668.166 (c) states that upon a finding that an institution maintains excess cash for any amount or timeframe over that allowed in the tolerance provisions in paragraph (b) of this section, the actions the Secretary may take include, but are not limited to:

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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**Material Noncompliance / Material Weakness – Cash Management
Student Financial Assistance Cluster – (Continued)**

- (1) Requiring the institution to reimburse the Secretary for the costs the Secretary incurred in providing that excess cash to the institution; and
- (2) Providing funds to the institution under the reimbursement payment method or cash monitoring payment method described in § 668.163(d) and (e), respectively.

During fiscal year 2011, advanced Federal Direct Student Loan receipts were held for an additional 17 calendar days in November and 27 calendar days in April before being completely expended by the District, resulting in excess cash balances of \$117,900 and \$667, respectively. Neither of these instances met the above exceptions. Also during fiscal year 2011, advanced Federal Pell Grant Program receipts were held for an additional 33 calendar days in September and 30 calendar days in February before being completely expended by the District, resulting in excess cash balances of \$162,250 and \$28,457, respectively.

We recommend the District implement an internal control system to ensure advance Federal Direct Student Loan and Federal Pell Grant Program payments are disbursed in a timely manner.

Officials' Response and Corrective Action Plan

Planned Corrective Action – The Treasurer will begin using the system generated report, BUDSUM, to determine the amount of funds to draw down for PELL and Federal Student Loans. The negative amount reflected on the BUDSUM report represents the amount Federal Student Assistance that may be drawn down. With this procedure, at no time should we have funds on hand greater than three days. In fact, Tri-Rivers will be “fronting” the monies for the Federal Government.

Anticipated Completion Date – We were made aware of these concerns in March, 2012. Thus, we will begin our corrective action immediately.

Responsible Contact Person – Stephen J. Earnest, Treasurer

Finding Number	2011-004
CFDA Title and Number	Student Financial Assistance Cluster – CFDA #84.063/84.268
Federal Award Number / Year	2010/2011
Federal Agency	U.S. Department of Education

**Material Noncompliance / Material Weakness – Eligibility
Student Financial Assistance Cluster**

34 C.F.R. 690.63(e) states that the Federal Pell Grant for a payment period for a student in a program using clock hours is calculated by:

- 1. Determining the student's Scheduled Federal Pell Grant using the Payment Schedule; and

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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**Material Noncompliance / Material Weakness – Eligibility
Student Financial Assistance Cluster (Continued)**

2. Multiplying the amount from the Payment Schedule by the lesser of the number of clock hours in the payment period divided by the number of clock hours in the program's academic year or the number of weeks of instructional time in the payment period divided by the weeks of instructional time in the program's academic year.

Also, 34 C.F.R. 685.203 states that Direct Loan payments are determined for when the student is enrolled in a program that is shorter than a full academic year or a program that is one academic year or more in length, but is in a remaining period of study that is shorter than a full academic year by:

1. Determining the maximum loan allowable; and
2. Multiplying the amount by the lesser of the number of clock hours enrolled divided by the number of clock hours in the academic year or the number of weeks enrolled divided by the weeks of instructional time in the academic year.

During fiscal year 2011, the District miscalculated Pell Grant awards and Direct Loan payments by multiplying the award amounts by both the number of clock hours in the payment period divided by the number of clock hours in the academic year and the number of weeks of instructional time in the payment period divided by the weeks of instructional time in the program's academic year. These miscalculations resulted in students being underawarded by approximately \$33,618 and \$46,398 in Federal Pell Grants and Direct Loans, respectively.

We recommend that the District calculate Federal Pell Grant and Federal Direct Loan awards based on the criteria set forth in 34 C.F.R. § 690.63 and § 685.203. We further recommend that the Director of Adult Education review and approve all awards prior to submission, ensuring that the award amount is appropriate.

Officials' Response and Corrective Action Plan

In the past the regulations for awards for Pell Grants and Loans for clock-hour schools for formula four requirements required the annual award to be multiplied by two fractions; (1) the least of weeks of instructional time for a full-time student to complete hours in program over weeks of instructional time in program's academic year definition or weeks of instructional time for a full-time student to complete hours in academic year over weeks of instructional time in program's academic year definition and then those results are multiplied by clock/credit hours in payment period over clock/credit hours in program's academic year definition. This double proration regulation changed for the 2008-2009 school year. We did not pick up the change at that time as it only affected very select programs that we offer (i.e. PN Web and Paramedicine; PN Web was not run in 2007-2008 nor 2009-2010). As soon as it came to our attention, we have corrected our calculations and are now calculating the awards correctly.

When calculating the maximum loans allowable; because we had not previously defined our academic year as 1387 for our PN Day program and 1308 for our LPN-RN Program we underawarded loans. We have corrected our calculations for these programs to comply with current regulations and we are now calculating the Award Year correctly and have defined appropriate Academic Years for the affected programs for the 2011-2012 school year. We have also implemented a program review process whereby the Adult Director reviews the calculation and award payments. The responsible contact person for this Finding is Richard George, Adult Education Director.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	34 C.F.R. § 682.201 – Stafford Loans to dependent students.	Yes	
2010-002	34 C.F.R. § 690.64 and §682.204 – payment periods for clock hour schools.	No	Not Corrected – comment is being repeated as Finding 2011-002.
2010-003	7 C.F.R § 210.8 & §220.11 – monthly claim for reimbursement forms.	Yes	
2010-004	Approval of free & reduced price applications	No	Not Corrected – comment is being repeated in the management letter.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Tri-Rivers Joint Vocational School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on June 30, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 14, 2012

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Dave Yost • Auditor of State

TRI RIVERS JOINT VOCATIONAL SCHOOL DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 26, 2012