



Dave Yost • Auditor of State

**THREE RIVERS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Three Rivers Local School District
Hamilton County
401 N. Miami Avenue
Cleves, Ohio 45002

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Three Rivers Local School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Three Rivers Local School District, Hamilton County, Ohio as of June 30, 2014, and the changes in its financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as 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 financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2015

**Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

The discussion and analysis of Three Rivers Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position of governmental activities increased \$663,151 which represents a 1% increase from 2013.
- General revenues accounted for \$23,523,028 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,679,465 or 14% of total revenues \$27,202,493.
- The District had \$26,539,342 in expenses related to governmental activities; \$3,679,465 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$23,523,028 were also used to provide for these programs.

Overview of the Financial Statements

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide a more detailed look at financial activities.

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Government-wide Financial Statements answers this question. These statements include *all assets, deferred outflows of resources, liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

These two statements report the District's *net position* and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the District consists of one activity:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

The District has two kinds of funds:

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

Fiduciary Funds The District's fiduciary funds consist of an agency fund and a private purpose trust fund. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

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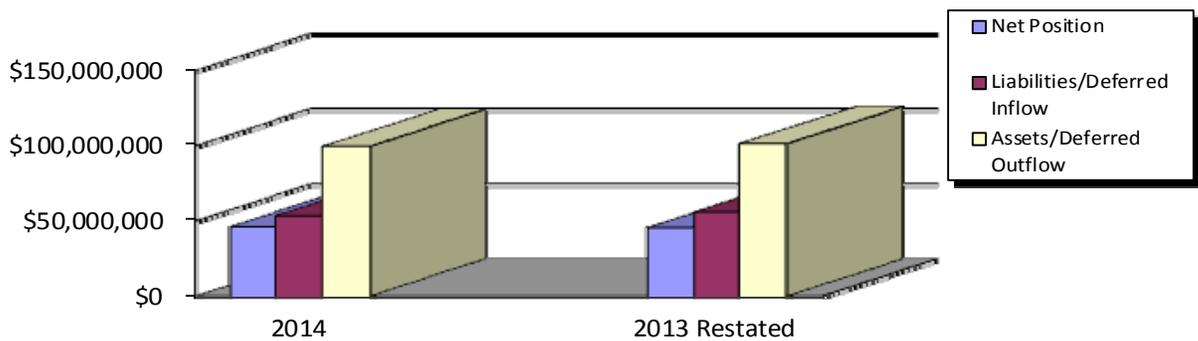
**Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

The District as a Whole

As stated previously, the Statement of Net position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2014 compared to 2013:

**Table 1
Net position**

	Governmental Activities	
	2014	2013 Restated
Assets:		
Current and Other Assets	\$34,334,939	\$43,017,497
Capital Assets	65,223,150	58,324,823
Total Assets	99,558,089	101,342,320
Liabilities:		
Other Liabilities	3,529,300	4,980,994
Long-Term Liabilities	40,488,770	41,130,306
Total Liabilities	44,018,070	46,111,300
Total Deferred Inflows of Resources	9,423,604	9,777,756
Net Position:		
Net Investment in Capital Assets	27,302,033	25,655,634
Restricted	6,679,657	8,012,808
Unrestricted	12,134,725	11,784,822
Total Net Position	\$46,116,415	\$45,453,264



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$46,116,415.

At year-end, capital assets represented 66% of total assets. Capital assets include land, construction in progress, buildings and improvements, transportation and equipment and fixtures. Capital assets, net of

Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

related debt to acquire the assets at June 30, 2014, were \$27,302,033. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$6,679,657 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets increased due to the continuation of the District's building projects in fiscal year 2014. Long-Term Liabilities decreased mainly due to the District continuing to make principal payments on its long term debt obligations.

Table 2 shows the changes in net position for fiscal years 2014 and 2013.

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**Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

**Table 2
Changes in Net position**

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues		
Charges for Services and Sales	\$1,559,513	\$1,051,827
Operating Grants and Contributions	1,943,772	1,340,777
Capital Grants and Contributions	176,180	0
General Revenues:		
Property Taxes	13,455,705	12,626,875
Grants and Entitlements	6,978,936	7,166,918
Other	3,088,387	4,773,232
Total Revenues	27,202,493	26,959,629
Program Expenses:		
Instruction	14,499,967	13,129,560
Support Services:		
Pupil and Instructional Staff	2,275,024	1,940,490
School Administrative, General Administration and Fiscal	2,602,030	2,351,990
Operations and Maintenance	1,853,940	1,384,174
Pupil Transportation	1,511,169	1,550,469
Central	170,022	127,706
Operation of Non-Instructional Services	882,098	961,932
Extracurricular Activities	614,358	589,563
Interest and Fiscal Charges	2,130,734	2,152,735
Total Program Expenses	26,539,342	24,188,619
Change in Net Position	663,151	2,771,010
Net Position Beginning of Year, Restated	45,453,264	42,682,254
Net Position End of Year	\$46,116,415	\$45,453,264

Governmental Activities

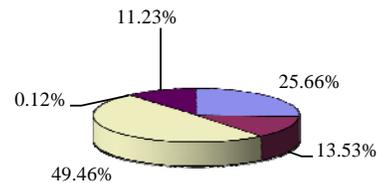
The District revenues are mainly from two sources. Property taxes levied for general, special revenue and debt service purposes and grants and entitlements comprised 75% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

**Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

Thus, Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 49% of revenue for governmental activities for the District in fiscal year 2014.

Revenue Sources	2014	Percent of Total
General Grants	\$6,978,936	25.66%
Program Revenues	3,679,465	13.53%
General Tax Revenues	13,455,705	49.46%
Investment Earnings	32,227	0.12%
Other Revenues	3,056,160	11.23%
	<u>\$27,202,493</u>	<u>100.00%</u>



Instruction comprises 54.64% of governmental program expenses. Support services expenses were 31.70% of governmental program expenses. All other expenses were 13.66%.

Overall revenues increased mainly due to the District receiving more taxes and operating grant monies in fiscal year 2014 when compared to fiscal year 2013. Total expenditures increased mainly due to increases in personnel costs and general inflationary factors.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	\$14,499,967	\$13,129,560	(\$12,064,637)	(\$11,870,669)
Support Services:				
Pupil and Instructional Staff	2,275,024	1,940,490	(2,243,467)	(1,938,734)
School Administrative, General				
Administration and Fiscal	2,602,030	2,351,990	(2,554,477)	(2,298,856)
Operations and Maintenance	1,853,940	1,384,174	(1,844,927)	(1,342,716)
Pupil Transportation	1,511,169	1,550,469	(1,471,198)	(1,464,592)
Central	170,022	127,706	(166,422)	(120,506)
Operation of Non-Instructional Services	882,098	961,932	(143,755)	(175,779)
Extracurricular Activities	614,358	589,563	(240,260)	(431,428)
Interest and Fiscal Charges	2,130,734	2,152,735	(2,130,734)	(2,152,735)
Total Expenses	<u>\$26,539,342</u>	<u>\$24,188,619</u>	<u>(\$22,859,877)</u>	<u>(\$21,796,015)</u>

**Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

The District's Funds

The District has three major governmental funds: the General Fund, the Debt Service Fund and the Classroom Facility Construction Fund. Assets of these funds comprise \$28,776,898 (84%) of the total \$34,434,599 governmental funds' assets.

General Fund: Fund balance at June 30, 2014 was \$12,645,249, an increase of \$257,585 from 2013. The primary reason for the increase in fund balance was due to an increase in taxes revenue.

Debt Service Fund: Fund balance at June 30, 2014 was \$2,009,429, an increase of \$205,191 from 2013. The primary reason for the increase in fund balance was due to an increase in taxes revenue.

Classroom Facility Construction Fund: Fund balance at June 30, 2014 was \$201,859, a decrease of \$3,387,973 from 2013. The primary reason for the decrease in fund balance was due to the District continuing to make capital outlay payments for the building construction project.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the District amended its general fund budget when needed. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$18,999,286 and the original budgeted revenue was \$18,999,286. The difference was \$0.

The District's ending unobligated actual fund balance for the General fund was \$8,315,685.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$65,223,150 invested in land, construction in progress, buildings and improvements, transportation, and equipment and fixtures. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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**Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

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

	Governmental Activities	
	2014	2013
Land	\$4,084,391	\$4,084,391
Construction in Progress	59,098,182	52,090,934
Buildings and Improvements	1,077,196	1,540,208
Transportation	633,450	261,732
Equipment and Fixtures	329,931	347,558
Total Net Capital Assets	<u>\$65,223,150</u>	<u>\$58,324,823</u>

The increase in capital assets is due to the continuation of the various building projects throughout the District.

See Note 7 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2014, the District had \$38,311,224 in bonds outstanding, \$910,000 due within one year. Table 5 summarizes debt outstanding.

**Table 5
Outstanding Debt, at Year End**

	Governmental Activities	
	2014	2013
Bonds:		
2010 School Improvement Build America Bonds	\$21,890,000	\$21,890,000
Discount on Build America Bonds	(157,371)	(162,104)
2010 School Improvement Qualified School Construction Bonds	11,260,000	11,260,000
Discount on Qualified School Construction Bonds	(70,209)	(75,508)
2010 School Improvement Tax Exempt Bonds		
Current Interest	840,000	1,605,000
Capital Appreciation	1,110,000	1,110,000
Accretion of Interest	360,214	251,747
Premium on Bonds	711,782	750,784
2011 Certification of Participation Bonds		
Current Interest	2,195,000	2,310,000
Capital Appreciation	90,000	90,000
Accretion of Interest	29,893	17,788
Premium on Bonds	51,915	55,319
Total Bonds	<u>\$38,311,224</u>	<u>\$39,103,026</u>

**Three Rivers Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

See Note 11 to the basic financial statements for further details on the District's long-term obligations.

For the Future

The major challenges of the Three Rivers Local School District are legislative changes made to its tax base and declining state support.

The phase-out of Tangible Personal Property Tax (TPPT) as legislated in House Bill 66 has reduced the District's revenue by \$3.0M dollars annually between 2007 and 2017. When passed, House Bill 66 provided reimbursement payments to District's to phase-in the loss of revenue. House Bill 153 accelerated the phase out of the TPPT reimbursement scheduled through 2017.

The losses in TPPT reimbursement along with federal stabilization dollars total over \$3.2M for the next two fiscal years. The District has made a number of financial reductions, as well as, successfully negotiated concessions from its bargaining unit for fiscal years 2012 through 2014. Beyond fiscal year 2013 the loss of TPPT reimbursement payments will be equivalent to nearly 5 mills of property tax annually. The District is currently planning to address this issue through expenditure reductions or an additional tax levy.

The District passed a 4.95 mill operating levy renewal in November 2013. The levy generated approximately \$1.7M dollars annually.

The District completed the construction of a new PK-12 school facility with the assistance of the Ohio School Facilities Commission (OSFC). The new facility replaces four school facilities. Three of the school facilities were sold or razed and the fourth was converted into a central office facility, which houses the Head Start class and one high school classroom.

The District does well academically. In the past the District has been rated "Excellent with Distinction". Currently the State provides no overall rating and the components that were included for the 2014 report card were graded A through F. The District received a B on indicators meeting (21 out of 24) and a B on performance index (105 out of 120).

In conclusion, the District has continued to perform its mission at a high level despite numerous changes in school funding over the last 5 years that has compromised its ability to sustain itself financially.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Three Rivers Local School District, 401 N. Miami Ave., Cleves, Ohio 45002.

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Three Rivers Local School District, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$15,000,011
Restricted Cash and Investments	687,107
Receivables (Net):	
Taxes	13,469,898
Accounts	53,518
Interest	4,350
Intergovernmental	4,693,055
Land Held for Resale	427,000
Nondepreciable Capital Assets	63,182,573
Depreciable Capital Assets, Net	<u>2,040,577</u>
 Total Assets	 <u>99,558,089</u>
Liabilities:	
Accounts Payable	158,334
Accrued Wages and Benefits	1,941,610
Contracts Payable	578,499
Retainage Payable	687,107
Accrued Interest Payable	163,750
Long-Term Liabilities:	
Due Within One Year	1,520,190
Due In More Than One Year	<u>38,968,580</u>
 Total Liabilities	 <u>44,018,070</u>
Deferred Inflows of Resources:	
Property Taxes	6,952,708
Grants and Other Taxes	<u>2,470,896</u>
 Total Deferred Inflows of Resources	 <u>9,423,604</u>
Net Position:	
Net Investment in Capital Assets	27,302,033
Restricted for:	
Debt Service	1,915,514
Capital Projects	3,404,804
Classroom Maintenance	720,534
Extracurricular Activities	142,125
Spring Recognition	44,953
Federal Grants	242,620
Food Service	209,107
Unrestricted	<u>12,134,725</u>
 Total Net Position	 <u>\$46,116,415</u>

See accompanying notes to the basic financial statements.

Three Rivers Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$10,344,043	\$1,000,236	\$161,321	\$0
Special	3,400,986	0	1,194,156	0
Vocational	36,608	0	4,431	0
Other	718,330	0	75,186	0
Support Services:				
Pupil	1,569,962	21,095	4,126	0
Instructional Staff	705,062	0	6,336	0
General Administration	51,719	0	0	0
School Administration	1,748,377	0	0	0
Fiscal	801,934	5,771	41,782	0
Operations and Maintenance	1,853,940	9,013	0	0
Pupil Transportation	1,511,169	0	39,971	0
Central	170,022	0	3,600	0
Operation of Non-Instructional Services	882,098	325,480	412,863	0
Extracurricular Activities	614,358	197,918	0	176,180
Interest and Fiscal Charges	2,130,734	0	0	0
Total Governmental Activities	\$26,539,342	\$1,559,513	\$1,943,772	\$176,180

General Revenues:

- Property Taxes Levied for:
 - General Purposes
 - Special Revenue Purposes
 - Debt Service Purposes
- Grants and Entitlements, Not Restricted
- Revenue in Lieu of Taxes
- Unrestricted Contributions
- Investment Earnings
- Other Revenues

Total General Revenues

Change in Net Position

Net Position - Beginning of Year, Restated

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Position
Governmental
Activities

(<u>\$9,182,486</u>)
(2,206,830)
(32,177)
(643,144)
(1,544,741)
(698,726)
(51,719)
(1,748,377)
(754,381)
(1,844,927)
(1,471,198)
(166,422)
(143,755)
(240,260)
(<u>2,130,734</u>)
<u>(22,859,877)</u>

11,736,711
230,648
1,488,346
6,978,936
2,586,244
295,637
32,227
<u>174,279</u>

23,523,028

663,151

45,453,264

\$46,116,415

Three Rivers Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Classroom Facility Construction	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$9,382,065	\$1,339,429	\$270,543	\$4,007,974	\$15,000,011
Restricted Cash and Investments	0	0	120,035	567,072	687,107
Receivables (Net):					
Taxes	11,766,983	1,533,585	0	169,330	13,469,898
Accounts	52,677	0	0	841	53,518
Interest	4,350	0	0	0	4,350
Intergovernmental	2,372,574	238,718	1,596,279	485,484	4,693,055
Interfund	99,660	0	0	0	99,660
Land Held for Resale	0	0	0	427,000	427,000
Total Assets	23,678,309	3,111,732	1,986,857	5,657,701	34,434,599
Liabilities:					
Accounts Payable	105,212	0	27,073	26,049	158,334
Accrued Wages and Benefits	1,778,387	0	0	163,223	1,941,610
Compensated Absences	385,950	0	0	27,680	413,630
Contracts Payable	0	0	41,611	536,888	578,499
Retainage Payable	0	0	120,035	567,072	687,107
Interfund Payable	0	0	0	99,660	99,660
Total Liabilities	2,269,549	0	188,719	1,420,572	3,878,840
Deferred Inflows of Resources:					
Property Taxes	6,526,983	863,585	0	99,330	7,489,898
Grants and Other Taxes	2,232,178	238,718	1,596,279	287,831	4,355,006
Investment Earnings	4,350	0	0	0	4,350
Total Deferred Inflows of Resources	8,763,511	1,102,303	1,596,279	387,161	11,849,254
Fund Balances:					
Nonspendable	0	0	0	427,000	427,000
Restricted	0	2,009,429	201,859	2,299,942	4,511,230
Committed	0	0	0	1,148,379	1,148,379
Assigned	630,237	0	0	0	630,237
Unassigned	12,015,012	0	0	(25,353)	11,989,659
Total Fund Balances	12,645,249	2,009,429	201,859	3,849,968	18,706,505
Total Liabilities, Deferred Inflows and Fund Balances	\$23,678,309	\$3,111,732	\$1,986,857	\$5,657,701	\$34,434,599

See accompanying notes to the basic financial statements.

Three Rivers Local School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balance \$18,706,505

Amounts reported for governmental activities in the
 statement of net position are different because:

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

Capital assets used in the operation of Governmental Funds 65,223,150

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

Intergovernmental	\$537,190	
Interest	4,350	
Special Assessments	<u>1,884,110</u>	
		2,425,650

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (163,750)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (1,763,916)

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds. (38,311,224)

Net Position of Governmental Activities \$46,116,415

See accompanying notes to the basic financial statements.

Three Rivers Local School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Classroom Facility Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$11,745,851	\$1,551,951	\$0	\$168,528	\$13,466,330
Tuition and Fees	1,000,715	0	0	0	1,000,715
Investment Earnings	26,869	226	3,406	5,952	36,453
Intergovernmental	6,238,520	1,143,828	148,047	1,252,531	8,782,926
Extracurricular Activities	0	0	0	219,013	219,013
Charges for Services	4,890	0	0	331,251	336,141
Revenue in Lieu of Taxes	2,230,252	355,992	0	0	2,586,244
Other Revenues	240,567	0	0	232,991	473,558
Total Revenues	21,487,664	3,051,997	151,453	2,210,266	26,901,380
Expenditures:					
Current:					
Instruction:					
Regular	9,267,857	0	0	170,357	9,438,214
Special	2,778,575	0	0	576,006	3,354,581
Vocational	32,229	0	0	4,379	36,608
Other	631,379	0	0	83,822	715,201
Support Services:					
Pupil	1,169,414	0	0	356,458	1,525,872
Instructional Staff	778,468	0	0	7,064	785,532
General Administration	51,719	0	0	0	51,719
School Administration	1,799,431	0	0	0	1,799,431
Fiscal	614,080	121,077	0	41,785	776,942
Operations and Maintenance	1,668,920	0	0	0	1,668,920
Pupil Transportation	1,455,957	0	0	0	1,455,957
Central	154,370	0	3,500	3,600	161,470
Operation of Non-Instructional Services	92,376	0	0	782,049	874,425
Extracurricular Activities	364,505	0	0	223,879	588,384
Capital Outlay	165,876	0	2,945,003	4,819,452	7,930,331
Debt Service:					
Principal Retirement	115,000	765,000	0	0	880,000
Interest and Fiscal Charges	83,233	1,960,729	0	0	2,043,962
Total Expenditures	21,223,389	2,846,806	2,948,503	7,068,851	34,087,549
Excess of Revenues Over (Under) Expenditures	264,275	205,191	(2,797,050)	(4,858,585)	(7,186,169)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	3,310	0	0	2,650	5,960
Transfers In	0	0	0	600,923	600,923
Transfers (Out)	(10,000)	0	(590,923)	0	(600,923)
Total Other Financing Sources (Uses)	(6,690)	0	(590,923)	603,573	5,960
Net Change in Fund Balance	257,585	205,191	(3,387,973)	(4,255,012)	(7,180,209)
Fund Balance - Beginning of Year	12,387,664	1,804,238	3,589,832	8,104,980	25,886,714
Fund Balance - End of Year	\$12,645,249	\$2,009,429	\$201,859	\$3,849,968	\$18,706,505

See accompanying notes to the basic financial statements.

Three Rivers Local School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balance - Total Governmental Funds (\$7,180,209)

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$7,934,944	
Depreciation Expense	(226,463)	
		7,708,481

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (810,154)

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

Delinquent Property Taxes	(\$10,625)	
Interest	(4,226)	
Intergovernmental	139,784	
		124,933

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 880,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 1,426

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

Compensated Absences	\$26,872	
Amortization of Bond Premium	42,406	
Amortization of Bond Discount	(10,032)	
Bond Accretion	(120,572)	
		(61,326)

Change in Net Position of Governmental Activities \$663,151

See accompanying notes to the basic financial statements.

Three Rivers Local School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	\$84,442	\$78,338
Receivables (Net):		
Accounts	<u> 0</u>	<u> 50</u>
Total Assets	<u> 84,442</u>	<u> 78,388</u>
Liabilities:		
Accounts Payable	0	78
Other Liabilities	<u> 0</u>	<u> 78,310</u>
Total Liabilities	<u> 0</u>	<u> \$78,388</u>
Net Position:		
Held in Trust	<u> 84,442</u>	
Total Net Position	<u> \$84,442</u>	

See accompanying notes to the basic financial statements.

Three Rivers Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	<u>Private Purpose Trust</u>
Additions:	
Donations	\$13,850
Investment Earnings	<u>10</u>
Total Additions	<u>13,860</u>
Deductions:	
Scholarships	<u>3,271</u>
Total Deductions	<u>3,271</u>
Change in Net Position	10,589
Net Position - Beginning of Year	<u>73,853</u>
Net Position - End of Year	<u><u>\$84,442</u></u>

See accompanying notes to the basic financial statements.

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**Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Note 1 – Description of the District

The Three Rivers Local School District, Ohio (the "District") was originally chartered by the Ohio State Legislature. In 1853, state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. The District operates under a locally elected five-member Board of Education (the Board) and is responsible for the education of the residents of the District. This Board controls the District's instructional and support facilities staffed by 126 non-certificated personnel and 133 certified teaching and administrative personnel to provide services to students and other community members.

Note 2 - Summary of Significant Accounting Policies

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

Reporting Entity

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

The District participates in two Jointly Governed Organizations that are further described in the notes to the financial statements.

Measurement Focus

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements.

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

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

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, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus 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, deferred outflows of resources, liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Classroom Facility Construction Fund – The classroom facilities fund is used to account for the receipts and expenditures related to construction projects.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has three agency funds. The Student Managed Activity Agency Fund is used to account for assets and liabilities generated by student managed activities. The Section 125 Agency Fund is used to account for funds that belong to others as a result of outstanding checks over one year old. The OSHAA fund is used as a clearing account to distribute tournament monies to other funds of the school district and to the Ohio High School Athletic Association (OHSAA). The District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

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. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

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

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and grants and other taxes (which includes tax incremental financing 'TIF'). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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 the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2014 credited to the General Fund amounted to \$26,869, \$226 in the Debt Service Fund, \$3,406 in the Classroom Facility Construction Fund and \$5,952 in Other Governmental Funds.

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of three years. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Buildings and Improvements	20-80 years
Transportation	10 years
Equipment and Fixtures	5-20 years

Interfund Activity

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net position.

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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 District's termination policy. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded for the compensated absences only if they have matured, for example, as a result of employee resignations and retirements.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that can be used only for the specific purposes imposed by a formal action (board resolution) of the District's Board of Education. The Board of Education is the highest level of decision making authority for the District. Those committed resources cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action (board resolution) it employed to previously commit those resources.

Assigned – resources intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts are intended to be used for specific purposes as approved through the District's formal purchase order procedure by the Superintendent and the Treasurer. The adoption of the board appropriation resolution is the established policy, which gives the authorization to assign resources for a specific purpose.

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit cash balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net position are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Restricted Assets

Restricted assets in the classroom facility construction, building and permanent improvement funds represent equity in pooled cash and investments set aside for retainage payable.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the \$6,679,657 in restricted net position, none were restricted by enabling legislation.

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 – Accountability

The following funds had a deficit in fund balance:

Other Governmental Funds:	Amounts
Title I	\$25,353

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Note 4 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAROhio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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 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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2014, \$11,403,464 of the District's bank balance of \$11,669,215 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2014, the District had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Farm Credit Bank	\$749,238	2.12
Money Market Funds	<u>3,443,825</u>	0.00
Total Fair Value	<u>\$4,193,063</u>	
Portfolio Weighted Average Maturity		0.38

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which

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have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in US Treasury Notes, Federal Home Loan Bank, Fannie Mae and Federal Farm Credit Bank were rated AA+ by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Money Market Funds were not rated.

Concentration of Credit Risk – The District's investment policy allows investments in U.S. Agencies or Instrumentalities. The District has 18% invested in Federal Farm Credit Bank and 82% invested in Money Market Funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 5 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2015 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The amount available for advance was \$5,240,000 in the General Fund, \$670,000 in the Debt Service Fund and \$70,000 in Other Governmental Funds.

The assessed value, by property classification, upon which taxes collected in 2014 were based as follows:

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
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	<u>Amount</u>
Public Utility Personal	\$71,498,310
Real Estate	<u>308,750,670</u>
Total	<u><u>\$380,248,980</u></u>

Note 6 – Receivables

Receivables at June 30, 2014, consisted of property taxes, accounts, interest, intergovernmental grants and interfund. All receivables are considered collectible in full and will be received within one year with the exception of the property taxes and the grant from the Ohio School Facilities Commission. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

Note 7 – Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$4,084,391	\$0	\$0	\$4,084,391
Construction in Progress	52,090,934	7,381,790	374,542	59,098,182
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	9,256,988	397,334	8,156,255	1,498,067
Transportation	1,887,634	447,092	0	2,334,726
Equipment and Fixtures	<u>1,768,787</u>	<u>83,270</u>	<u>43,598</u>	<u>1,808,459</u>
Totals at Historical Cost	<u>69,088,734</u>	<u>8,309,486</u>	<u>8,574,395</u>	<u>68,823,825</u>
Less Accumulated Depreciation:				
Buildings and Improvements	7,716,780	50,192	7,346,101	420,871
Transportation	1,625,902	75,374	0	1,701,276
Equipment and Fixtures	<u>1,421,229</u>	<u>100,897</u>	<u>43,598</u>	<u>1,478,528</u>
Total Accumulated Depreciation	<u>10,763,911</u>	<u>226,463</u>	<u>7,389,699</u>	<u>3,600,675</u>
Governmental Activities Capital Assets, Net	<u><u>\$58,324,823</u></u>	<u><u>\$8,083,023</u></u>	<u><u>\$1,184,696</u></u>	<u><u>\$65,223,150</u></u>

Depreciation expense was charged to governmental functions as follows:

Three Rivers Local School District, Ohio
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Instruction:	
Regular	\$104,132
Special	7,653
Other Instruction	878
Support Services:	
Pupil	1,333
Instructional Staff	1,239
School Administration	97
Fiscal	733
Operations and Maintenance	12,222
Pupil Transportation	51,292
Central	5,520
Operation of Non-Instructional Services	17,852
Extracurricular Activities	23,512
Total Depreciation Expense	<u>\$226,463</u>

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, commercial insurance carriers provided insurance coverage for property, liability, and vehicles. There has been no significant reduction in the coverage in the current fiscal year and settlements have not exceeded insurance coverage in any of the past three fiscal years.

The District also provides life insurance and accidental death and dismemberment coverage to all employees. The amount of coverage per employee varies by bargaining unit. Commercial Life also provides the life insurance coverage for the District. The District pays the State Workers' Compensation System a premium based on a rate per \$1,000 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 - Pension Plans

School Employees Retirement System of Ohio

Plan Description

The District contributes to the School Employees Retirement System of Ohio (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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$568,296, \$566,160, and \$494,880, respectively; contributions equaled the required contributions for each year.

State Teachers Retirement System of Ohio

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 is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS

Three Rivers Local School District, Ohio
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Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Three Rivers Local School District, Ohio
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Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2014, 2013, and 2012 were \$1,260,649, \$1,294,958, and \$1,276,804, respectively; 100% has been contributed for fiscal years 2014, 2013 and 2012.

Note 10- Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.74%. District contributions for the years ended June 30, 2014, 2013 and 2012 were \$30,039, \$29,926, and \$26,865, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2014, the health care allocation was 0.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012

Three Rivers Local School District, Ohio
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were \$6,495, \$6,470, and \$50,548, respectively; 67% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

State Teachers Retirement System of Ohio

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2014, 2013 and 2012. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2014, 2013, and 2012 were \$90,046, \$92,497, and \$91,200, 100% has been contributed for fiscal years 2014, 2013 and 2012.

Note 11 - Long-Term Liabilities

The changes in the District's long-term obligations during fiscal year 2014 were as follows:

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	Rate	Maturity Dates	Beginning Balance	Additions	Deletions	Ending Balance	Due In One Year
Governmental Activities:							
2010 School Improvement Build America Bonds	5.11-6.37%	12/01/47	\$21,890,000	\$0	\$0	\$21,890,000	\$0
Discount on Build America Bonds			(162,104)	0	4,733	(157,371)	0
2010 School Improvement Qualified School Construction Bonds	5.21%	09/15/27	11,260,000	0	0	11,260,000	720,000
Discount on Qualified School Construction Bonds			(75,508)	0	5,299	(70,209)	0
2010 School Improvement Tax Exempt Current Interest Bonds	2.00-2.75%	12/01/32	1,605,000	0	(765,000)	840,000	70,000
2010 School Improvement Tax Exempt Capital Appreciation			1,110,000	0	0	1,110,000	0
2010 School Improvement Tax Exempt Accretion of Interest			251,747	108,467	0	360,214	0
Premium on Tax Exempt Current Interest Bonds			750,784	0	(39,002)	711,782	0
2011 Certificate of Participation Current Interest Bonds	2.00-3.25%	12/01/30	2,310,000	0	(115,000)	2,195,000	120,000
2011 Certificate of Participation Capital Appreciation Bonds			90,000	0	0	90,000	0
2011 Certificate of Participation Accretion of Interest			17,788	12,105	0	29,893	0
Premium on Certificate of Participation Current Interest Bonds			55,319	0	(3,404)	51,915	0
Total Bonds			39,103,026	120,572	(912,374)	38,311,224	910,000
Compensated Absences			2,027,280	585,157	(434,891)	2,177,546	610,190
Total Governmental Activities			\$41,130,306	\$705,729	(\$1,347,265)	\$40,488,770	\$1,520,190

On September 30, 2010, the District issued \$21,890,000 in School Improvement Build America Bonds for a discount of \$175,120 at an interest rate between 5.11% and 6.37% throughout the life of the bonds. The bonds will mature on 12/1/2047.

On September 30, 2010, the District issued \$11,260,000 in School Improvement Qualified School Construction Bonds for a discount of \$90,020 at an interest rate of 5.21% throughout the life of the bonds. The bonds will mature on 9/15/2027.

On September 30, 2010, the District issued \$2,885,000 in Tax Exempt Current Interest Bonds and \$1,110,000 in Tax Exempt Capital Appreciation Bonds for a net premium of \$858,039 at an interest rate between 2.00% and 2.75% throughout the life of the bonds. The bonds will mature on 12/1/32.

On September 28, 2011, the District issued \$2,310,000 in Certificate of Participation Current Interest Bonds and \$90,000 in Certificate of Participation Capital Appreciation Bonds for a net premium of \$61,276 at an interest rate between 2.00% and 3.25% throughout the life of bonds. The bonds will mature on 12/1/30.

As a result of participating in these programs, the District will receive interest rebates resulting in a significantly lower coupon rate.

All long term debt payments will be made out of the Debt Service Fund except the 2011 Certificate of Participation Bonds which is paid out of the General Fund. Compensated Absences will be paid out of the General Fund.

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$910,000	\$2,033,260	\$2,943,260	\$0	\$0	\$0
2016	980,000	2,029,060	3,009,060	0	0	0
2017	1,000,000	2,024,154	3,024,154	0	0	0
2018	1,015,000	2,018,254	3,033,254	0	0	0
2019	1,095,000	2,010,673	3,105,673	0	0	0
2020-2024	5,305,000	9,900,758	15,205,758	90,000	190,000	280,000
2025-2029	4,810,000	8,579,526	13,389,526	255,000	780,000	1,035,000
2030-2034	1,405,000	6,416,941	7,821,941	855,000	3,285,000	4,140,000
2035-2039	5,825,000	5,268,611	11,093,611	0	0	0
2040-2044	7,070,000	3,310,820	10,380,820	0	0	0
2045-2048	6,770,000	885,350	7,655,350	0	0	0
	<u>\$36,185,000</u>	<u>\$44,477,407</u>	<u>\$80,662,407</u>	<u>\$1,200,000</u>	<u>\$4,255,000</u>	<u>\$5,455,000</u>

Note 12 - Jointly Governed Organizations

Hamilton/Clermont Cooperative Association

The Hamilton Clermont County Cooperative Association (HCCA) is a jointly governed organization consisting of thirty-two school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and institutional functions among districts. Each of the Districts supports HCCA and share in a percentage of equity based on the resources provided. HCCA is governed by the board of directors consisting of superintendents of the member school boards. The degree of control exercised by any participating district is limited to its representation on the board. The operating budget of HCCA is funded by state funds, contributions from each member district based upon a per pupil fee and fees charged for various services.

The individual HCCA members are not considered participants having an equity interest as defined by GASB Statement 14 since members have no right to any assets of HCCA. Separate financial statements for HCCA can be obtained from the HCCA administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a Board consisting of one representative from each participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established under the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of member districts, which includes the students of the District. The District has no ongoing financial interest in or responsibility for Great Oaks. To obtain financial information, write to Great Oaks, 3254 East Kemper Road, Cincinnati, Ohio 45241.

Three Rivers Local School District, Ohio
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Note 13 – Contingencies

Grants

The 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, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

Litigation

The District is not party to any legal proceedings that would have a material effect, if any, on the financial condition of the District.

Note 14 - Required Set-Asides

The District is required by State statute to annually set aside in the general fund an amount based on the statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the year-end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

For the fiscal year ended June 30, 2014, the District was not required to set aside funds in the budget reserve set-aside.

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2013	\$0
Current Year Set Aside Requirements	326,261
Qualified Disbursements	(297,608)
Current Year Offsets	(28,653)
Set Aside Reserve Balance as of June 30, 2014	<u>\$0</u>

The excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

Note 15 - Interfund Transactions

Interfund transactions at June 30, 2014, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$99,660	\$0	\$0	(\$10,000)
Other Governmental Funds	0	99,660	600,923	0
Classroom Facility Construction	0	0	0	(590,923)
Total All Funds	<u>\$99,660</u>	<u>\$99,660</u>	<u>\$600,923</u>	<u>(\$600,923)</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 16 – Construction and Commitments

Listed below are the District’s contracts that had outstanding balances at year end:

The Zimmer Company	\$53,886
SFA Architects	132,315
Neyer Plumbing, Inc.	45,971
Tricon, Inc.	296,667
Turner Construction Company	133,464
Delta Electrical Contractors	136,735
Hagerman Construction Corp.	18,935
Peck, Hannaford & Briggs	178,813
Dalmatian Fire, Inc.	18,356
Village of Cleves	74,886
Atkins & Stang	172,392
Triton Services	984,876
John P Tumlin & Sons	74,805
Total	<u>\$2,322,101</u>

Note 17 – Fund Balances

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

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Fund Balances	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total
Nonspendable:					
Land Held for Resale	\$0	\$0	\$0	\$427,000	\$427,000
Total Nonspendable	0	0	0	427,000	427,000
Restricted for:					
Spring Recognition	0	0	0	44,953	44,953
Classroom Facilities Maintenance	0	0	0	715,162	715,162
Extracurricular Student Activities	0	0	0	142,125	142,125
Vocational Education	0	0	0	1,904	1,904
Title VI B Preschool	0	0	0	5,493	5,493
Classroom Size Reduction	0	0	0	1,532	1,532
Food Service Operations	0	0	0	209,107	209,107
Debt Service Payments	0	2,009,429	0	0	2,009,429
Construction Of Buildings	0	0	201,859	1,179,666	1,381,525
Total Restricted	0	2,009,429	201,859	2,299,942	4,511,230
Committed to:					
Permanent Improvements	0	0	0	1,148,379	1,148,379
Total Committed	0	0	0	1,148,379	1,148,379
Assigned to:					
Public School Support	92,364		0	0	92,364
Encumbrances	537,873	0	0	0	537,873
Total Assigned	630,237	0	0	0	630,237
Unassigned (Deficit)	12,015,012	0	0	(25,353)	11,989,659
Total Fund Balance	\$12,645,249	2,009,429	\$201,859	\$3,849,968	\$18,706,505

Note 18 – Change in Accounting Principles

The District adopted the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement Number 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the District.

Note 19 – Prior Period Adjustment

In prior periods, the District had reported assets related to bond issuance costs in the Governmental Activities entity-wide financial statements. GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*, has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The implementation of GASB Statement Number 65 requires a restatement of prior period's net position as follows:

Three Rivers Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

	<u>Governmental Activities</u>
Net Position - June 30, 2013	\$45,813,016
Prior Period Adjustment:	
Bond Issuance Costs	(359,752)
Restated Net Position - June 30, 2013	<u><u>\$45,453,264</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

Three Rivers Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$10,243,869	\$10,243,869	\$10,905,851	\$661,982
Revenue in lieu of taxes	2,094,876	2,094,876	2,230,252	135,376
Tuition and Fees	746,817	746,817	795,078	48,261
Investment Earnings	21,344	21,344	22,723	1,379
Intergovernmental	5,731,423	5,731,423	6,101,801	370,378
Charges for Services	5,043	5,043	5,369	326
Other Revenues	155,914	155,914	165,989	10,075
Total Revenues	18,999,286	18,999,286	20,227,063	1,227,777
Expenditures:				
Current:				
Instruction:				
Regular	8,940,681	9,506,656	9,123,226	383,430
Special	2,893,290	3,076,444	2,952,363	124,081
Vocational	30,070	31,974	30,684	1,290
Other	617,677	656,778	630,288	26,490
Support Services:				
Pupil	1,154,779	1,227,881	1,178,357	49,524
Instructional Staff	785,231	834,938	801,263	33,675
General Administration	50,931	54,155	51,971	2,184
School Administration	1,541,508	1,639,091	1,572,982	66,109
Fiscal	607,265	645,707	619,664	26,043
Operations and Maintenance	1,794,774	1,908,390	1,831,419	76,971
Pupil Transportation	1,657,126	1,762,027	1,690,960	71,067
Central	149,281	158,731	152,329	6,402
Operation of Non-Instructional Services	14,287	15,192	14,579	613
Extracurricular Activities	361,520	384,405	368,901	15,504
Capital Outlay	121,064	128,728	123,536	5,192
Debt Service:				
Principal Retirement	112,699	119,833	115,000	4,833
Interest and Fiscal Charges	81,568	86,731	83,233	3,498
Total Expenditures	20,913,751	22,237,661	21,340,755	896,906
Excess of Revenues Over (Under) Expenditures	(1,914,465)	(3,238,375)	(1,113,692)	2,124,683
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	3,109	3,109	3,310	201
Advances In	337,560	337,560	359,374	21,814
Advances (Out)	(429,849)	(457,059)	(438,625)	18,434
Transfers (Out)	(74,979)	(79,726)	(76,510)	3,216
Total Other Financing Sources (Uses)	(164,159)	(196,116)	(152,451)	43,665
Net Change in Fund Balance	(2,078,624)	(3,434,491)	(1,266,143)	2,168,348
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,581,828	9,581,828	9,581,828	0
Fund Balance End of Year	\$7,503,204	\$6,147,337	\$8,315,685	\$2,168,348

See accompanying notes to the required supplementary information.

Three Rivers Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2014

Note 1 – Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District 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 issued during the fiscal year 2014.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP 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 for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

Three Rivers Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2014

5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$257,585
Revenue Accruals	(1,260,743)
Expenditure Accruals	479,255
Transfers (Out)	(66,510)
Advances In	359,374
Advances (Out)	(438,625)
Encumbrances	(601,048)
Funds Budgeted Elsewhere	<u>4,569</u>
Budget Basis	<u><u>(\$1,266,143)</u></u>

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Three Rivers Local School District
Schedule of Receipts and Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grant / Program Title	Pass Through Identifying Number	Federal CFDA Number	Receipts	Expenditures
U.S. Department of Agriculture (Passed Through Ohio Department of Education)				
Nutrition Cluster				
School Breakfast	05PU-2013	10.553	\$ 54,835	\$ 54,835
National School Lunch	LLP4-2013	10.555	291,912	291,912
NSLP Expansion Grant		10.560	4,500	4,500
Total U.S. Department of Agriculture			351,247	351,247
U.S. Department of Education (Passed Through Ohio Department of Education)				
Special Education Cluster				
Title VI-B	6BSF-2013	84.027	339,758	369,762
ESCE Preschool		84.173	13,254	13,254
Total Special Education Cluster			353,012	383,016
ESEA Title I				
Improving Teacher Quality		84.010	323,669	373,766
		84.367	80,536	87,821
<i>Passed through Great Oaks Institute of Technology and Career Development</i>				
Vocational Education Basic Grants to States		84.048	3,960	4,379
Total U.S. Department of Education			761,177	848,982
Total Federal Awards			<u>\$ 1,112,424</u>	<u>\$ 1,200,229</u>

**THREE RIVERS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Three Rivers Local 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.

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Three Rivers Local School District
Hamilton County
401 N. Miami Avenue
Cleves, Ohio 45002

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Three Rivers Local School District, Hamilton County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 18, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Three Rivers Local School District
Hamilton County
401 N. Miami Avenue
Cleves, Ohio 45002

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Three Rivers Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Three Rivers Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2015

**THREE RIVERS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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THREE RIVERS LOCAL SCHOOL DISTRICT

HAMILTON 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 7, 2015**