



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

March 1, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The discussion and analysis of Tri-Rivers Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2009 are as follows:

Net assets for governmental activities increased \$583,984 from the prior fiscal year, or almost 8 percent. While revenues decreased a little over 3 percent, expenses decreased almost 7 percent and, therefore, the increase in net assets. Net assets for business-type activities decreased \$128,580, or 25 percent. This decrease was due to the excess of expenses over revenues in the Adult Education enterprise fund.

General revenues were \$8,242,306 or 74 percent of all governmental activities revenues. This reflects the School District's significant dependence on property taxes and unrestricted state entitlements.

For business-type activities, 93 percent of total revenues were generated by the programs, most of which was in the form of charges for services.

Using the Basic Financial Statements

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

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

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

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

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

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

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Adult Education, Food Service, and Rotary (vocational programs) funds are reported as business-type activities.

Reporting the School District's Most Significant Funds

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2009 and fiscal year 2008:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Current and Other Assets	\$5,356,735	\$5,654,573	\$61,690	\$168,702	\$5,418,425	\$5,823,275
Capital Assets, Net	6,008,528	6,182,084	452,729	478,841	6,461,257	6,660,925
Total Assets	11,365,263	11,836,657	514,419	647,543	11,879,682	12,484,200
<u>Liabilities</u>						
Current and Other Liabilities	2,815,459	3,800,620	78,235	79,399	2,893,694	3,880,019
Long-Term Liabilities	546,935	617,152	43,335	46,715	590,270	663,867
Total Liabilities	3,362,394	4,417,772	121,570	126,114	3,483,964	4,543,886
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	5,795,050	5,862,444	415,704	433,453	6,210,754	6,295,897
Restricted	40,898	80,696		0	40,898	80,696
Unrestricted (Deficit)	2,166,921	1,475,745	(22,855)	87,976	2,144,066	1,563,721
Total Net Assets	\$8,002,869	\$7,418,885	\$392,849	\$521,429	\$8,395,718	\$7,940,314

Overall net assets for governmental activities increased almost 8 percent in 2009. Although the change in total assets was not significant, there were several items of note. There was an increase in cash and cash equivalents of slightly over \$715,000 due to a reduction in expenses during the fiscal year, primarily related to personnel costs. The receivable for property taxes decreased due to the elimination by the State of tangible personal property taxes. The decrease in net capital assets is due to annual depreciation expense exceeding current year acquisitions. Current and other liabilities decreased approximately \$1 million from the prior fiscal year. This reduction is due primarily to a decrease in deferred revenue which corresponds to the decrease in the receivable for property taxes.

The most significant change for business-type activities was a decrease in current and other assets and the corresponding decrease in unrestricted net assets. There was a decrease in cash and cash equivalents due to continued cash carryover spending as expenses exceeded revenues for the Adult Education program again in fiscal year 2009. Intergovernmental receivables decreased as grant resources were received within the fiscal year.

Table 2 reflects the change in net assets for fiscal year 2009 and fiscal year 2008.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$22,363	\$118,679	\$1,322,704	\$1,318,316	1,345,067	\$1,436,995
Operating Grants, Contributions, and Interest	2,906,662	2,814,721	280,376	317,758	3,187,038	3,132,479
Total Program Revenues	<u>2,929,025</u>	<u>2,933,400</u>	<u>1,603,080</u>	<u>1,636,074</u>	<u>4,532,105</u>	<u>4,569,474</u>
General Revenues						
Property Taxes	3,721,048	4,188,778	0	0	3,721,048	4,188,778
Grants and Entitlements not Restricted to Specific Programs	4,415,322	4,347,489	0	0	4,415,322	4,347,489
Interest	29,208	72,962	0	0	29,208	72,962
Miscellaneous	76,728	88,913	120,727	71,124	197,455	160,037
Total General Revenues	<u>8,242,306</u>	<u>8,698,142</u>	<u>120,727</u>	<u>71,124</u>	<u>8,363,033</u>	<u>8,769,266</u>
Total Revenues	<u>11,171,331</u>	<u>11,631,542</u>	<u>1,723,807</u>	<u>1,707,198</u>	<u>12,895,138</u>	<u>13,338,740</u>
<u>Expenses</u>						
Instruction:						
Regular	231,073	219,179	0	0	231,073	219,179
Vocational	6,260,505	7,074,629	0	0	6,260,505	7,074,629
Adult/Continuing	19,103	14,705	0	0	19,103	14,705
Support Services:						
Pupils	770,418	769,978	0	0	770,418	769,978
Instructional Staff	249,436	388,865	0	0	249,436	388,865
Board of Education	241,966	218,282	0	0	241,966	218,282
Administration	921,221	936,790	0	0	921,221	936,790
Fiscal	388,297	388,072	0	0	388,297	388,072
Business	170,072	214,304	0	0	170,072	214,304
Operation of Maintenance of Plant	1,040,655	949,730	0	0	1,040,655	949,730
Pupil Transportation	12,773	16,133	0	0	12,773	16,133
Central	189,731	193,626	0	0	189,731	193,626
Non-Instructional Services	585	2,549	0	0	585	2,549
Extracurricular Activities	26,287	27,425	0	0	26,287	27,425
Interest and Fiscal Charges	15,225	12,787	0	0	15,225	12,787
Adult Education	0	0	1,498,055	1,392,864	1,498,055	1,392,864
Food Service	0	0	240,186	230,198	240,186	230,198
Rotary	0	0	164,146	240,421	164,146	240,421
Total Expenses	<u>10,537,347</u>	<u>11,427,054</u>	<u>1,902,387</u>	<u>1,863,483</u>	<u>12,439,734</u>	<u>13,290,537</u>
Increase (Decrease) in Net Assets Before Transfers	633,984	204,488	(178,580)	(156,285)	455,404	48,203
Transfers	(50,000)	(50,000)	50,000	50,000	0	0
Increase (Decrease) in Net Assets	583,984	154,488	(128,580)	(106,285)	455,404	48,203
Net Assets Beginning of Year	7,418,885	7,264,397	521,429	627,714	7,940,314	7,892,111
Net Assets End of Year	<u>\$8,002,869</u>	<u>\$7,418,885</u>	<u>\$392,849</u>	<u>\$521,429</u>	<u>8,395,718</u>	<u>\$7,940,314</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

With the exception of property taxes and interest, program revenues and general revenues for governmental activities remained comparable to the prior fiscal year. The decrease in property taxes reflects the State's elimination of tangible personal property taxes and the decrease in interest reflects the downturn in the economy over the past year. However, the overall change in revenues was a decrease of only 4 percent.

Total expenses for governmental activities decreased almost 8 percent from the prior fiscal year and primarily due to a decrease personnel related costs. The major program expense for governmental activities will always be for instruction, which was 62 percent of all governmental expenses. Other programs which support the instruction process, including pupils and instructional staff, were almost 10 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 10 percent. Therefore, 82 percent of the School District's expenses are directly related to providing facilities and delivering education.

Overall, neither revenues nor expenses changed significantly from the prior fiscal year for business-type activities.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$231,073	\$219,179	231,073	\$219,179
Special	0	0	(586,644)	(528,750)
Vocational	6,260,505	7,074,629	3,972,293	4,707,267
Adult/Continuing	19,103	14,705	1,103	(3,295)
Support Services:				
Pupils	770,418	769,978	734,864	751,450
Instructional Staff	249,436	388,865	249,436	388,865
Board of Education	241,966	218,282	241,966	218,282
Administration	921,221	936,790	921,221	936,790
Fiscal	388,297	388,072	388,297	388,072
Business	170,072	214,304	170,072	214,304
Operation and Maintenance of Plant	1,040,655	949,730	1,040,655	949,730
Pupil Transportation	12,773	16,133	12,773	16,133
Central	189,731	193,626	189,731	193,626
Non-Instructional Services	585	2,549	585	2,549
Extracurricular Activities	26,287	27,425	25,672	26,665
Interest and Fiscal Charges	15,225	12,787	15,225	12,787
Total Expenses	<u>\$10,537,347</u>	<u>\$11,427,054</u>	<u>\$7,608,322</u>	<u>\$8,493,654</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

A review of the above table illustrates a decrease of almost 8 percent in total expenses compared to the prior fiscal year. Again, a significant portion of program costs (72 percent, 74 percent in fiscal year 2008) were provided for through general revenues (property taxes and unrestricted state entitlements). Note, however, that the special instruction program received program revenues in excess of program costs due to the receipt of State foundation monies. Program revenues provided for over 36 percent of the costs of the vocational instruction program through operating grants and contributions restricted for such purposes. The adult/continuing program is provided for through charges for services.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The School District's only major governmental fund is the General Fund, which had a 56 percent increase in fund balance. Although there was a 4 percent decrease in revenues from the prior fiscal year, there was also a 9 percent decrease in expenditures due primarily to a decrease in personnel costs and corresponding fringe benefits.

The School District's enterprise funds are accounted for using the accrual basis of accounting. The only major enterprise fund is the Adult Education fund. Again in fiscal year 2009, this fund experienced an operating loss. The fund has had operating losses over the past nine fiscal years. Over this nine year period, operations of the fund have been subsidized with transfers from the General Fund. These Board approved transfers will continue in the future, however, it is the expectation of the Board that increased enrollment due to new and expanded programming will reduce Adult Education's dependence on General Fund subsidies.

General Fund Budgeting Highlights

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

During fiscal year 2009, the School District amended its General Fund budget as needed. For revenues, changes from the original to final budget and from the final budget to actual revenues received were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$6,008,528 invested in capital assets (net of accumulated depreciation) for governmental activities, a decrease of less than 3 percent from the prior fiscal year. This decrease is the result of annual depreciation expense in excess of capital asset additions.

The business-type activities had \$452,729 invested in capital assets (net of accumulated depreciation), a decrease of 5 percent from the prior fiscal year. This decrease is the result of annual depreciation expense.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Debt

At June 30, 2009, the School District had an outstanding school facilities loan, in the amount of \$88,079, (the proceeds of which were used to construct a science wing), energy conservation general obligation bonds, in the amount of \$44,000, and capital leases, in the amount of \$81,399, for governmental activities.

Business-type activities had an outstanding capital lease, in the amount of \$37,025.

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

Current Issues

Tri-Rivers Joint Vocational School District is in a primarily residential/farming area of the State covering Crawford, Delaware, Hardin, Marion, Morrow, Union, and Wyandot counties. The School District's financial statements improved from fiscal year 2008 due to cost reduction measures aimed at staff reductions and health insurance modifications. These measures have helped the School District maintain operations and improve its financial position in a declining economy and uncertainty in State funding.

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

Challenges for the School District include ever increasing costs of health care. In March 2008, the School District converted from a self-funded insurance plan to a fully insured health plan for medical and prescription drug coverage. In January 2009, a Health Savings Account plan was made available in addition to the fully insured health care plan.

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

The Board of Education and the Teachers Union negotiated a two-year contract which increased salaries 2.5 percent in fiscal years 2009 and 2010.

Contacting the School District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,535,369	\$ 241,935	\$ 1,777,304
Accounts Receivable	12,049	10,789	22,838
Accrued Interest Receivable	6,946	-	6,946
Intergovernmental Receivable	23,599	30,197	53,796
Internal Balances	224,198	(224,198)	-
Prepaid Items	180	979	1,159
Inventory Held for Resale	-	1,383	1,383
Materials and Supplies Inventory	64,699	605	65,304
Property Taxes Receivable	3,302,033	-	3,302,033
Payment in Lieu of Taxes Receivable	187,662	-	187,662
Nondepreciable Capital Assets	241,082	-	241,082
Depreciable Capital Assets, Net	5,767,446	452,729	6,220,175
Total Assets	11,365,263	514,419	11,879,682
Liabilities:			
Accounts Payable	140,731	6,797	147,528
Accrued Wages and Benefits Payable	614,951	34,451	649,402
Intergovernmental Payable	156,001	36,987	192,988
Accrued Interest Payable	68	-	68
Claims Payable	10,199	-	10,199
Deferred Revenue	1,893,509	-	1,893,509
Long-Term Liabilities:			
Due Within One Year	149,322	13,748	163,070
Due in More Than One Year	397,613	29,587	427,200
Total Liabilities	3,362,394	121,570	3,483,964
Net Assets:			
Invested in Capital Assets, Net of Related Debt	5,795,050	415,704	6,210,754
Restricted For:			
Other Purposes	40,898	-	40,898
Unrestricted (Deficit)	2,166,921	(22,855)	2,144,066
Total Net Assets	\$ 8,002,869	\$ 392,849	\$ 8,395,718

See Accompanying Notes to Basic Financial Statements

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$ 231,073	\$ -	\$ -
Special	-	-	586,644
Vocational	6,260,505	21,748	2,266,464
Adult/Continuing	19,103	-	18,000
Support Services:			
Pupils	770,418	-	35,554
Instructional Staff	249,436	-	-
Board of Education	241,966	-	-
Administration	921,221	-	-
Fiscal	388,297	-	-
Business	170,072	-	-
Operation and Maintenance of Plant	1,040,655	-	-
Pupil Transportation	12,773	-	-
Central	189,731	-	-
Non-Instructional Services	585	-	-
Extracurricular Activities	26,287	615	-
Interest and Fiscal Charges	15,225	-	-
Total Governmental Activities	<u>10,537,347</u>	<u>22,363</u>	<u>2,906,662</u>
<u>Business-Type Activities:</u>			
Adult Education	<u>1,498,055</u>	<u>1,045,772</u>	<u>143,421</u>
Other Enterprise Funds			
Food Service	240,186	125,480	119,718
Rotary	164,146	151,452	17,237
Total Other Enterprise Funds	<u>404,332</u>	<u>276,932</u>	<u>136,955</u>
Total Business-Type Activities	<u>1,902,387</u>	<u>1,322,704</u>	<u>280,376</u>
Total	<u>\$ 12,439,734</u>	<u>\$ 1,345,067</u>	<u>\$ 3,187,038</u>

General Revenues:

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

Transfers
Total General Revenues and Transfers

Change in Net Assets

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

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (231,073)	\$ -	\$ (231,073)
586,644	-	586,644
(3,972,293)	-	(3,972,293)
(1,103)	-	(1,103)
(734,864)	-	(734,864)
(249,436)	-	(249,436)
(241,966)	-	(241,966)
(921,221)	-	(921,221)
(388,297)	-	(388,297)
(170,072)	-	(170,072)
(1,040,655)	-	(1,040,655)
(12,773)	-	(12,773)
(189,731)	-	(189,731)
(585)	-	(585)
(25,672)	-	(25,672)
(15,225)	-	(15,225)
<u>(7,608,322)</u>	<u>-</u>	<u>(7,608,322)</u>
-	(308,862)	(308,862)
-	5,012	5,012
-	4,543	4,543
-	9,555	9,555
-	(299,307)	(299,307)
<u>(7,608,322)</u>	<u>(299,307)</u>	<u>(7,907,629)</u>
3,721,048	-	3,721,048
4,415,322	-	4,415,322
29,208	-	29,208
76,728	120,727	197,455
<u>8,242,306</u>	<u>120,727</u>	<u>8,363,033</u>
(50,000)	50,000	-
<u>8,192,306</u>	<u>170,727</u>	<u>8,363,033</u>
583,984	(128,580)	455,404
7,418,885	521,429	7,940,314
<u>\$ 8,002,869</u>	<u>\$ 392,849</u>	<u>\$ 8,395,718</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,422,929	\$ 70,569	\$ 1,493,498
Accounts Receivable	12,049	-	12,049
Accrued Interest Receivable	6,946	-	6,946
Intergovernmental Receivable	1,167	22,432	23,599
Interfund Receivable	248,229	-	248,229
Prepaid Items	180	-	180
Materials and Supplies Inventory	64,699	-	64,699
Property Taxes Receivable	3,302,033	-	3,302,033
Payment in Lieu of Taxes Receivable	187,662	-	187,662
Total Assets	5,245,894	93,001	5,338,895
 <u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	129,657	11,074	140,731
Accrued Wages and Benefits Payable	614,951	-	614,951
Intergovernmental Payable	156,001	-	156,001
Interfund Payable	-	46,994	46,994
Deferred Revenue	2,439,981	9,212	2,449,193
Total Liabilities	3,340,590	67,280	3,407,870
 <u>Fund Balances:</u>			
Reserved for Property Taxes	1,048,406	-	1,048,406
Reserved for Encumbrances	218,168	21,053	239,221
Unreserved, Reported in:			
General Fund	638,730	-	638,730
Special Revenue Funds	-	7,563	7,563
Debt Service Fund (Deficit)	-	(2,895)	(2,895)
Total Fund Balances	1,905,304	25,721	1,931,025
Total Liabilities and Fund Balances	\$ 5,245,894	\$ 93,001	\$ 5,338,895

See Accompanying Notes to the Basic Financial Statements

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

Total Governmental Fund Balances	\$ 1,931,025
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,008,528
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	5,784	
Accrued Interest Receivable	6,946	
Intergovernmental Receivable	10,379	
Property Taxes Receivable	360,118	
Payment in Lieu of Taxes Receivable	172,457	
		555,684

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.	22,963
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(68)	
School Facilities Loan Payable	(88,079)	
General Obligation Bonds Payable	(44,000)	
Compensated Absences Payable	(333,457)	
Capital Leases Payable	(81,399)	
		(547,003)

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.	31,672
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Net Assets of Governmental Activities	\$ 8,002,869
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See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 3,670,084	\$ -	\$ 3,670,084
Payment in Lieu of Taxes	24,308	-	24,308
Intergovernmental	6,594,271	716,229	7,310,500
Interest	31,492	33	31,525
Tuition and Fees	24,503	-	24,503
Extracurricular Activities	615	-	615
Rent	7,170	-	7,170
Gifts and Donations	1,850	9,370	11,220
Miscellaneous	91,427	774	92,201
Total Revenues	<u>10,445,720</u>	<u>726,406</u>	<u>11,172,126</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	215,530	-	215,530
Vocational	5,790,007	364,502	6,154,509
Adult/Continuing	-	19,103	19,103
Support Services:			
Pupils	672,285	95,295	767,580
Instructional Staff	128,522	137,647	266,169
Board of Education	241,966	-	241,966
Administration	854,341	50,129	904,470
Fiscal	386,866	-	386,866
Business	165,914	-	165,914
Operation and Maintenance of Plant	1,018,975	-	1,018,975
Pupil Transportation	9,339	-	9,339
Central	84,066	93,336	177,402
Non-Instructional Services	585	-	585
Extracurricular Activities	26,287	-	26,287
Capital Outlay	10,698	-	10,698
Debt Service:			
Principal Retirement	28,332	66,021	94,353
Interest and Fiscal Charges	6,528	8,766	15,294
Total Expenditures	<u>9,640,241</u>	<u>834,799</u>	<u>10,475,040</u>
Excess of Revenues Over (Under) Expenditures	<u>805,479</u>	<u>(108,393)</u>	<u>697,086</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	-	71,639	71,639
Transfers Out	(121,639)	-	(121,639)
Total Other Financing Sources (Uses)	<u>(121,639)</u>	<u>71,639</u>	<u>(50,000)</u>
Changes in Fund Balances	683,840	(36,754)	647,086
Fund Balances at Beginning of Year - Restated (See Note 3)	1,221,464	62,475	1,283,939
Fund Balances at End of Year	<u>\$ 1,905,304</u>	<u>\$ 25,721</u>	<u>\$ 1,931,025</u>

See Accompanying Notes to the Basic Financial Statements

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

**RECONCILIATION OF STATEMENT OF REVENUES,, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Changes in Fund Balances - Total Governmental Funds \$ 647,086

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

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

Capital Outlay	131,768	
Depreciation	<u>(289,230)</u>	(157,462)

The cost of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (16,094)

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

Property Taxes	50,964	
Payment in Lieu of Taxes	(24,308)	
Intergovernmental	(443)	
Interest	(2,753)	
Tuition and Fees	(9,594)	
Rent	(331)	
Miscellaneous	<u>(14,799)</u>	(1,264)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 94,353

The termination of a capital lease is not reflected in the governmental funds but the termination reduces long-term liabilities on the statement of net assets. 11,809

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net assets. 69

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

Compensated Absences Payable		(35,945)
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The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.

Interest Revenue	469	
Allocated to Activities	<u>40,963</u>	

Change in Net Assets of Governmental Activities \$ 583,984

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ 3,901,166	\$ 3,738,984	\$ 3,739,148	\$ 164
Payment in Lieu of Taxes	24,308	24,308	24,308	-
Intergovernmental	6,608,855	6,592,665	6,594,271	1,606
Interest	40,000	40,000	36,246	(3,754)
Tuition and Fees	10,000	13,900	24,503	10,603
Extracurricular Activities	806	756	674	(82)
Rent	8,500	6,500	6,830	330
Gifts and Donations	1,566	1,850	1,850	-
Miscellaneous	25,100	22,050	11,243	(10,807)
Total Revenues	<u>10,620,301</u>	<u>10,441,013</u>	<u>10,439,073</u>	<u>(1,940)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	212,735	224,408	215,380	9,028
Vocational	6,432,660	6,143,493	6,009,194	134,299
Support Services:				
Pupils	698,588	710,055	676,135	33,920
Instructional Staff	238,026	162,121	155,598	6,523
Board of Education	205,617	265,913	246,293	19,620
Administration	941,255	992,255	902,666	89,589
Fiscal	412,043	427,793	391,376	36,417
Business	301,798	310,233	274,715	35,518
Operation and Maintenance of Plant	1,057,370	1,095,887	1,053,140	42,747
Pupil Transportation	8,120	13,028	11,939	1,089
Central	178,844	181,500	99,900	81,600
Non-Instructional Services	2,520	2,520	969	1,551
Extracurricular Activities	28,125	28,884	29,614	(730)
Capital Outlay	15,731	13,582	11,632	1,950
Total Expenditures	<u>10,733,432</u>	<u>10,571,672</u>	<u>10,078,551</u>	<u>493,121</u>
Excess of Revenues Over (Under) Expenditures	<u>(113,131)</u>	<u>(130,659)</u>	<u>360,522</u>	<u>491,181</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	40,000	84,794	86,368	1,574
Refund of Prior Year Receipts	(100)	(630)	(234)	396
Advances In	301,253	301,253	299,423	(1,830)
Advances Out	(88,000)	(246,000)	(244,917)	1,083
Transfers Out	(119,617)	(163,623)	(121,639)	41,984
Total Other Financing Sources (Uses)	<u>133,536</u>	<u>(24,206)</u>	<u>19,001</u>	<u>43,207</u>
Changes in Fund Balance	20,405	(154,865)	379,523	534,388
Fund Balance at Beginning of Year	126,470	126,470	126,470	-
Prior Year Encumbrances Appropriated	581,222	581,222	581,222	-
Fund Balance at End of Year	<u>\$ 728,097</u>	<u>\$ 552,827</u>	<u>\$ 1,087,215</u>	<u>\$ 534,388</u>

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009**

	Business-Type Activities			Governmental Activity
	Adult Education	Other Enterprise	Total Enterprise Funds	Internal Service Fund
<u>Assets:</u>				
<u>Current Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 40,142	\$ 201,793	\$ 241,935	\$ 41,871
Accounts Receivable	7,025	3,764	10,789	-
Intergovernmental Receivable	21,513	8,684	30,197	-
Prepaid Items	979	-	979	-
Inventory Held for Resale	-	1,383	1,383	-
Materials and Supplies Inventory	-	605	605	-
Total Current Assets	<u>69,659</u>	<u>216,229</u>	<u>285,888</u>	<u>41,871</u>
<u>Non-Current Assets:</u>				
Depreciable Capital Assets, Net	<u>356,316</u>	<u>96,413</u>	<u>452,729</u>	<u>-</u>
Total Assets	<u>425,975</u>	<u>312,642</u>	<u>738,617</u>	<u>41,871</u>
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	4,672	2,125	6,797	-
Accrued Wages and Benefits Payable	18,268	16,183	34,451	-
Intergovernmental Payable	25,975	11,012	36,987	-
Interfund Payable	200,235	1,000	201,235	-
Compensated Absences Payable	725	-	725	-
Capital Leases Payable	13,023	-	13,023	-
Claims Payable	-	-	-	10,199
Total Current Liabilities	<u>262,898</u>	<u>30,320</u>	<u>293,218</u>	<u>10,199</u>
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	5,585	-	5,585	-
Capital Leases Payable	<u>24,002</u>	<u>-</u>	<u>24,002</u>	<u>-</u>
Total Non-Current Liabilities	<u>29,587</u>	<u>-</u>	<u>29,587</u>	<u>-</u>
Total Liabilities	<u>292,485</u>	<u>30,320</u>	<u>322,805</u>	<u>10,199</u>
<u>Net Assets:</u>				
Invested in Capital Assets, Net of Related Debt	319,291	96,413	415,704	-
Unrestricted (Deficit)	<u>(185,801)</u>	<u>185,909</u>	<u>108</u>	<u>31,672</u>
Total Net Assets	<u>\$ 133,490</u>	<u>\$ 282,322</u>	<u>415,812</u>	<u>\$ 31,672</u>

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

	(22,963)
Net assets of business-type activities	<u>\$ 392,849</u>

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
<u>Operating Revenues:</u>				
Sales	\$ -	\$ 276,932	\$ 276,932	\$ -
Charges for Services	1,045,772	-	1,045,772	114,573
Other Operating Revenues	119,667	1,060	120,727	56,530
Total Operating Revenues	<u>1,165,439</u>	<u>277,992</u>	<u>1,443,431</u>	<u>171,103</u>
<u>Operating Expenses:</u>				
Salaries	908,500	102,465	1,010,965	-
Fringe Benefits	288,314	56,635	344,949	-
Purchased Services	137,933	5,953	143,886	12,785
Materials and Supplies	137,613	102,432	240,045	-
Cost of Sales	-	130,136	130,136	-
Claims	-	-	-	111,769
Depreciation	21,802	4,310	26,112	-
Other Operating Expenses	6,388	4,245	10,633	-
Total Operating Expenses	<u>1,500,550</u>	<u>406,176</u>	<u>1,906,726</u>	<u>124,554</u>
Operating Income (Loss)	<u>(335,111)</u>	<u>(128,184)</u>	<u>(463,295)</u>	<u>46,549</u>
<u>Non-Operating Revenues (Expenses)</u>				
Federal Donated Commodities	-	15,035	15,035	-
Operating Grants	143,421	120,387	263,808	-
Operating Contributions	-	600	600	-
Interest Revenue	-	933	933	469
Interest Expense	(1,247)	-	(1,247)	-
Total Non-Operating Revenues (Expenses)	<u>142,174</u>	<u>136,955</u>	<u>279,129</u>	<u>469</u>
Income (Loss) Before Transfers	(192,937)	8,771	(184,166)	47,018
Transfers In	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Changes in Net Assets	(142,937)	8,771	(134,166)	47,018
Net Assets (Deficit) at Beginning of Year - Restated (See Note 3)	276,427	273,551		(15,346)
Net Assets at End of Year	<u>\$ 133,490</u>	<u>\$ 282,322</u>		<u>\$ 31,672</u>

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

Change in net assets of business-type activities \$ 5,586
(128,580)

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total	Activity
			Enterprise Funds	Internal Service Fund
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
<u>Cash Flow from Operating Activities:</u>				
Cash Received from Customers	\$ 1,102,773	\$ 288,704	\$ 1,391,477	\$ -
Cash Received from Transactions with Other Funds	-	-	-	114,573
Cash Received from Other Revenues	119,793	1,060	120,853	56,652
Cash Payments for Salaries	(896,333)	(103,691)	(1,000,024)	-
Cash Payments for Fringe Benefits	(289,411)	(56,532)	(345,943)	-
Cash Payments for Goods and Services	(278,306)	(226,812)	(505,118)	(12,785)
Cash Payments for Claims	-	-	-	(140,171)
Cash Payments for Other Expenses	(7,431)	(4,600)	(12,031)	-
Net Cash Provided by (Used for) Operating Activities	<u>(248,915)</u>	<u>(101,871)</u>	<u>(350,786)</u>	<u>18,269</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Cash Received from Operating Grants	150,417	118,629	269,046	-
Cash Received from Operating Contributions	-	600	600	-
Cash Received from Transfers In	50,000	-	50,000	-
Cash Received from Advances In	200,000	1,000	201,000	-
Cash Payments from Advances Out	(180,000)	-	(180,000)	-
Net Cash Provided by Noncapital Financing Activities	<u>220,417</u>	<u>120,229</u>	<u>340,646</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Cash Payments for Lease Principal	(8,363)	-	(8,363)	-
Cash Payments for Lease Interest	(1,247)	-	(1,247)	-
Net Cash Used for Capital and Related Financing Activities	<u>(9,610)</u>	<u>-</u>	<u>(9,610)</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>				
Cash Received from Interest	-	933	933	469
Net Increase (Decrease) in Cash and Cash Equivalents	(38,108)	19,291	(18,817)	18,738
Cash and Cash Equivalents at Beginning of Year	78,250	182,502	260,752	23,133
Cash and Cash Equivalents at End of Year	<u>\$ 40,142</u>	<u>\$ 201,793</u>	<u>\$ 241,935</u>	<u>\$ 41,871</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
Reconciliation of Operating Income (Loss)				
<u>to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	(335,111)	(128,184)	(463,295)	46,549
Adjustments to Reconcile Operating Income (Loss)				
<u>to Net Provided by (Cash Used) for Operating Activities:</u>				
Depreciation	21,802	4,310	26,112	-
Donated Commodities Received During Fiscal Year	-	15,035	15,035	-
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	11,196	10,471	21,667	122
(Increase) Decrease in Intergovernmental Receivable	45,931	(290)	45,641	-
Decrease in Interfund Receivable	-	1,591	1,591	-
Increase in Prepaid Items	(17)	-	(17)	-
Increase in Inventory Held for Resale	-	(574)	(574)	-
Increase in Materials and Supplies Inventory	-	(315)	(315)	-
Decrease in Accounts Payable	(3,693)	(2,379)	(6,072)	-
Increase (Decrease) in Accrued Wages and Benefits Payable	4,538	(1,497)	3,041	-
Increase in Intergovernmental Payable	1,586	281	1,867	-
Decrease in Interfund Payable	(130)	(320)	(450)	-
Decrease in Claims Payable	-	-	-	(28,402)
Increase in Compensated Absences Payable	4,983	-	4,983	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (248,915)</u>	<u>\$ (101,871)</u>	<u>\$ (350,786)</u>	<u>\$ 18,269</u>

Non-Cash Transactions

During fiscal year 2009, the Food Service enterprise fund received donated commodities in the amount of \$15,035.

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 81,282	\$ 23,779
Notes Receivable	2,702	-
Total Assets	83,984	23,779
<u>Liabilities:</u>		
Undistributed Assets	-	2,430
Due to Students	-	21,349
Total Liabilities	-	\$ 23,779
<u>Net Assets:</u>		
Held in Trust for Scholarships	33,733	
Endowments	50,251	
Total Net Assets	\$ 83,984	

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Additions:</u>	
Interest	\$ 1,353
Gifts and Donations	2,751
Total Additions	<u>4,104</u>
 <u>Deductions:</u>	
Vocational Instruction	<u>1,575</u>
 Change in Net Assets	 2,529
 Net Assets Beginning of Year	 <u>81,455</u>
Net Assets End of Year	<u><u>\$ 83,984</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1974. The School District serves Marion and the surrounding counties. It is staffed by twenty-eight classified employees, seventy-two certified teaching personnel, and seven administrative employees who provide services to six hundred ninety-eight students and other community members. The School District currently operates an instruction/administration building.

Reporting Entity

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

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

The School District participates in the Tri-Rivers Educational Computer Association, a jointly governed organization, and the Ohio School Plan, the Ohio School Benefits Cooperative, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Tri-Rivers Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the School District's accounting policies.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District has one major governmental fund:

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

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

Proprietary Funds

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

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

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

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

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

Fiduciary Funds

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

F. Cash and Investments

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

During fiscal year 2009, the School District invested in nonnegotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009, was \$31,492, which includes \$2,015 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

H. Inventory

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

I. Capital Assets

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

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

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

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

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for federal and state grants.

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

N. Fund Balance Reserves

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

O. Operating Revenues and Expenses

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

P. Interfund Transactions

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

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

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

Q. 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 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets

A. Changes in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets
(continued)

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

B. Restatement of Fund Balance/Net Assets

The School District has changed the classification of a fund to appropriately reflect the purpose and use of the fund.

	General	Other Governmental	Total Governmental Activities
Fund Balance June 30, 2008	\$1,177,220	\$62,475	\$1,239,695
Change in Fund Structure	44,244	0	44,244
Adjusted Fund Balance at June 30, 2008	\$1,221,464	\$62,475	\$1,283,939

	Governmental Activities	Business-Type Activities
Net Assets at June 30, 2008	\$7,374,641	\$565,673
Change in Fund Structure	44,244	(44,244)
Restated Net Assets at June 30, 2008	\$7,418,885	\$521,429

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 4 - Accountability

At June 30, 2009, the School Resource Officer special revenue fund and the Bond Retirement debt service fund had deficit fund balances, in the amount of \$12,282 and \$2,895, respectively. These deficit fund balances resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

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

Changes in Fund Balance	
GAAP Basis	\$683,840
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2008, Received in Cash FY 2009	1,130,055
Accrued FY 2009, Not Yet Received in Cash	(1,055,088)
	(continued)

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 5 - Budgetary Basis of Accounting (continued)

Changes in Fund Balance (continued)	
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	(\$1,001,339)
Accrued FY 2009, Not Yet Paid in Cash	900,609
Cash Adjustments:	
Unrecorded Cash Activity FY 2008	2,180
Unrecorded Cash Activity FY 2009	2,574
Prepaid Items	4,548
Materials and Supplies Inventory	(1,179)
Advances In	299,423
Advances Out	(244,917)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(341,183)
Budget Basis	<u><u>\$379,523</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 6 - Deposits and Investments (continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$347,976 of the School District's bank balance of \$1,969,432 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 6 - Deposits and Investments (continued)

Investments

As of June 30, 2009, the School District had the following investments:

	Fair Value	Maturity
Federal National Mortgage Association Notes	\$85,466	2/17/12
Federal National Mortgage Association Notes	101,382	11/2/12
Mutual Funds	1,085	average 64 days
STAR Ohio	56,528	average 58.1 days
	\$244,461	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The Federal National Mortgage Association Notes and mutual funds carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated, at the time of purchase, in the highest category by at least one nationally recognized standard rating service. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

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

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$186,848	76.43

Note 7 - Receivables

Receivables at June 30, 2009, consisted of accounts (rent, billings for user charged services, and student fees), accrued interest, intergovernmental, interfund, property taxes, payment in lieu of taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes, payment in lieu of taxes, and a portion of notes, are considered collectible within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes, in the amount of \$163,354, will not be received within one year. Notes receivable are repaid according to payment schedules made with the various students.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 7 - Receivables (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	<u>\$1,167</u>
Other Governmental Funds	
Quality Enhancement	3,930
Miscellaneous State Grants	940
Early Learning Initiative	8,350
School Resource Officer	<u>9,212</u>
Total Other	<u>22,432</u>
Total Governmental Activities	<u><u>\$23,599</u></u>
Business-Type Activities	
Adult Education	<u>\$21,513</u>
Other Enterprise Funds	
Food Service	7,026
Rotary	<u>1,658</u>
Total Other Enterprise Funds	<u>8,684</u>
Total Business-Type Activities	<u><u>\$30,197</u></u>

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 8 - Property Taxes (continued)

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Marion County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$1,048,406 in the General Fund. The amount available as an advance at June 30, 2008, was \$1,104,152 in the General Fund.

The amount for the late personal property tax settlements made by the counties for fiscal year 2008 was \$13,318.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,525,036,000	93.93%	\$1,558,588,400	94.79%
Public Utility	91,681,590	5.65	85,604,500	5.21
Tangible Personal	6,896,009	0.42	0	0.00
Total Assessed Value	\$1,623,613,599	100.00%	\$1,644,192,900	100.00%
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 9 - Payment in Lieu of Taxes

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

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$241,082	\$0	\$0	\$241,082
Depreciable Capital Assets				
Land Improvements	412,591	0	0	412,591
Buildings and Building Improvements	8,866,991	0	0	8,866,991
Furniture, Fixtures, and Equipment	973,519	131,768	(41,082)	1,064,205
Vehicles	44,590	0	0	44,590
Total Depreciable Capital Assets	10,297,691	131,768	(41,082)	10,388,377
Less Accumulated Depreciation				
Land Improvements	(243,023)	(41,259)	0	(284,282)
Buildings and Building Improvements	(3,712,086)	(174,171)	0	(3,886,257)
Furniture, Fixtures, and Equipment	(377,305)	(69,341)	24,988	(421,658)
Vehicles	(24,275)	(4,459)	0	(28,734)
Total Accumulated Depreciation	(4,356,689)	(289,230)	24,988	(4,620,931)
Depreciable Capital Assets, Net	5,941,002	(157,462)	(16,094)	5,767,446
Governmental Activities				
Capital Assets, Net	\$6,182,084	(\$157,462)	(\$16,094)	\$6,008,528
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$780,832	\$0	\$0	\$780,832
Furniture, Fixtures, and Equipment	73,636	0	0	73,636
Total Depreciable Capital Assets	854,468	0	0	854,468
Less Accumulated Depreciation				
Buildings and Building Improvements	(348,892)	(14,478)	0	(363,370)
Furniture, Fixtures, and Equipment	(26,735)	(11,634)	0	(38,369)
Total Accumulated Depreciation	(375,627)	(26,112)	0	(401,739)
Business-Type Activities				
Capital Assets, Net	\$478,841	(\$26,112)	\$0	\$452,729

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 10 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$233,239
Support Services:	
Pupils	1,608
Instructional Staff	4,415
Administration	7,844
Fiscal	1,608
Business	4,826
Operation and Maintenance of Plant	24,212
Pupil Transportation	3,434
Central	8,044
Total Depreciation Expense	<u>\$289,230</u>

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	\$3,217
Rotary	1,093
	<u>\$4,310</u>

Note 11 - Interfund Assets/Liabilities

Interfund balances at June 30, 2009, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Other Governmental Funds	
Student Assistance	\$290
Quality Enhancement	3,930
Early Childhood Education	182
Miscellaneous State Grants	940
Early Learning Initiative	12,000
School Resource Officer	26,757
Bond Retirement	2,895
Adult Education	200,235
Other Enterprise Fund	
Rotary	1,000
	<u>\$248,229</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 11 - Interfund Assets/Liabilities (continued)

The balance due to the General Fund consists of loans made to provide cash flow resources until the receipt of grant monies by the special revenue funds and to provide cash flow resources until the receipt of outstanding fees by the Adult Education and Rotary funds. All amounts are expected to be collected within one year.

Note 12 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted for the following insurance coverage:

Coverage provided by The Ohio School Plan:

Buildings and Contents - replacement cost	\$34,974,225
Auto Liability	3,000,000
General Liability	
Each Occurrence	3,000,000
Aggregate	5,000,000
Excess Liability	2,000,000

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

For fiscal year 2009, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

For fiscal year 2009, the School District participated in the Ohio School Benefits Cooperative (OSBC), a claims servicing and insurance purchasing pool. The School District participates in the insurance purchasing program for health insurance. In this program, the participant enters into an individual agreement with OSBC for insurance coverage and pays annual premiums to OSBC based on the types and limits of coverage and deductibles selected by the participant.

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 12 - Risk Management (continued)

The School District offers dental, life, and vision insurance to all employees through a self-insured program (in prior years, the School District was also self-insured for health insurance). All funds of the School District participated in the program and made payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2009, was based on actual claims paid in fiscal year 2010 in the amount of \$10,199.

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

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2009	\$38,601	\$111,769	\$140,171	\$10,199
2008	207,672	2,015,851	2,184,922	38,601

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 was \$610,881, \$654,669, and \$622,083, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DCP and CP for fiscal year 2009 were \$176 made by the School District and \$11,911 made by the plan members.

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 was \$111,967, \$106,137, and \$138,082 respectively; 100 percent has been contributed for all three fiscal years.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2009, eight of the Board of Education members has selected Social Security. The Board's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 14 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$47,004, \$50,366, and \$47,853, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2009, the surcharge amount was \$18,586.

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

The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$51,241, \$48,434, and \$45,843 respectively; 100 percent has been contributed for all three fiscal years.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 14 - Postemployment Benefits (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2009, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$9,238, \$7,647, and \$9,390 respectively; 100 percent has been contributed for all three fiscal years.

Note 15 - Other Employee Benefits

A. Compensated Absences

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

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

B. Health Care Benefits

The School District offers employee medical and prescription benefits through Ohio School Benefits Cooperative. The School District provides dental, life, and vision insurance benefits to all employees through a self-insured program.

C. Separation Benefits

The School District offers a separation benefit of \$15,000 to teachers under the TREA Bargaining Unit who retire during the summer of their first year of eligibility or who retire during the summer after they first attain 30 years of STRS service credit at any age. At June 30, 2009, there was no liability for separation benefits.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09	Amounts Due Within One Year
Governmental Activities					
General Obligations					
School Facilities Loan FY 1999 0.00%	\$110,100	\$0	\$22,021	\$88,079	\$22,021
Loans Payable FY 2009 3.99%	0	100,000	100,000	0	0
General Obligation Bonds FY 2000 5.60%	88,000	0	44,000	44,000	44,000
Total General Long-Term Obligations	198,100	100,000	166,021	132,079	66,021
Compensated Absences Payable	297,512	70,321	34,376	333,457	58,661
Capital Leases Payable	121,540	0	40,141	81,399	24,640
Total Governmental Activities Long-Term Obligations	\$617,152	\$170,321	\$240,538	\$546,935	\$149,322
Business-Type Activities					
Compensated Absences Payable	\$1,327	\$10,336	\$5,353	\$6,310	\$725
Capital Leases Payable	45,388	0	8,363	37,025	13,023
Total Business-Type Activities Long-Term Obligations	\$46,715	\$10,336	\$13,716	\$43,335	\$13,748

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

FY 2009 Loans Payable - On September 15, 2009, the School District obtained a loan, in the amount of \$100,000, to purchase new welding stations. The School District retired the loan during fiscal year 2009 through the Bond Retirement debt service fund.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 16 - Long-Term Obligations (continued)

The School District's overall debt margin was \$140,789,602 with an unvoted debt margin of \$1,565,308 at June 30, 2009.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2009, were as follows:

Fiscal Year	Principal	Interest	Total
2010	\$66,021	\$1,232	\$67,253
2011	22,021	0	22,021
2012	22,021	0	22,021
2013	22,016	0	22,016
	<u>\$132,079</u>	<u>\$1,232</u>	<u>\$133,311</u>

Note 17 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds and as a reduction of the liability in the enterprise funds. Principal payments in 2009 were \$28,332 for governmental funds and \$8,363 for enterprise funds. During fiscal year 2009, a capital lease was terminated which resulted in a reduction in the capital lease liability of \$11,809 for governmental funds.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$121,711	\$52,705
Less Accumulated Depreciation	(47,124)	(21,082)
Total June 30, 2009	<u>\$74,587</u>	<u>\$31,623</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$24,640	\$4,052	\$13,023	\$1,391
2011	24,294	2,524	10,848	684
2012	21,345	1,255	11,243	289
2013	11,120	171	1,911	9
Total	<u>\$81,399</u>	<u>\$8,002</u>	<u>\$37,025</u>	<u>\$2,373</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 18 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2009.

	Textbooks	Capital Improvements
Balance June 30, 2008	(\$3,163,258)	\$0
Current Year Set Aside Requirement	107,526	107,526
Qualifying Expenditures	(1,062,213)	(107,526)
Balance June 30, 2009	(\$4,117,945)	\$0

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

Note 19 - Interfund Transfers

During fiscal year 2009, the General Fund made transfers to other governmental funds, in the amount of \$71,639, as debt payments came due. The General Fund also made transfers to the Adult Education enterprise fund, in the amount of \$50,000, to support the operation of adult education.

Note 20 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$33,733 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 21 - Jointly Governed Organization

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Crawford, Clark, Cuyahoga, Delaware, Franklin, Hamilton, Knox, Lucas, Mahoning, Marion, Morrow, Muskingum, Summit, Trumbull, Union, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2009, the School District paid \$20,854 to TRECA for various services. Financial information can be obtained from TRECA, 100 Executive Drive, Marion, Ohio 43302.

Note 22 - Insurance Pools

A. Ohio School Plan

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

B. Ohio School Benefits Cooperative

The School District participates in the Ohio School Benefits Cooperative (OSBC), a claims servicing and insurance purchasing pool. The OSBC was created and is organized pursuant to Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district administrators. OSBC is an unincorporated nonprofit association of its members which was created to enable members of the OSBC to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other insurance coverage as selected by the member. OSBC offers two options to participants. Participants may enroll in the insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The School District participates in the insurance purchasing program. Medical Mutual/Antares is the plan administrator of the OSBC. Financial information can be obtained from Muskingum Valley Educational Service Center, 205 North 7th Street, Zanesville, Ohio 43701.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 22 - Insurance Pools (continued)

C. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (GRP) was established as an insurance purchasing pool.

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

Note 23 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

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

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Federal CFDA Number	Receipts	Disburse- ments
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	10.553	\$ 19,661	\$ 19,661
National School Lunch Program	10.555	78,692	78,692
Cash Assistance Subtotal:		98,353	98,353
Total Nutrition Cluster		98,353	98,353
Child and Adult Care Food Program	10.558	17,335	17,335
Total U.S. Department of Agriculture		115,688	115,688
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	253,029	253,029
Federal Family Education Loans	84.032	375,267	375,267
Total Student Financial Assistance Cluster		628,296	628,296
Rural Education	84.358	54,698	53,649
<i>Passed Through the Ohio Department of Education:</i>			
Safe and Drug-Free Schools and Communities State Grants	84.186	1,064	1,064
State Grants for Innovative Programs	84.298	510	510
Improving Teacher Quality State Grants	84.367	2,191	1,361
Vocational Education Basic Grants to States	84.048	270,535	267,127
<i>Passed Through Madison Local School District:</i>			
Vocational Education Basic Grants to States	84.048	81,715	64,684
Total Vocational Education Basic Grants to States		352,250	331,811
Total U.S. Department of Education		1,039,009	1,016,691
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Edward Byrne Justice Assistance Grant Formula Program	16.738	20,053	20,053
Total U.S. Department of Justice		20,053	20,053
TOTAL FEDERAL AWARDS		\$ 1,174,750	\$ 1,152,432

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C - 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.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

March 1, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Tri-Rivers Joint Vocational School District, Marion County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report, which are described in the accompanying schedule of findings and questioned costs as items 2009-001 and 2009-002.

In a separate letter to the District's management dated March 1, 2010, we also reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2009-001 and 2009-002 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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



Mary Taylor, CPA
Auditor of State

March 1, 2010

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	<u>Student Financial Assistance Cluster</u> CFDA #84.032 – Federal Family Education Loans CFDA #84.063 – Federal Pell Grant Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2009-001
CFDA Title and Number	Student Financial Assistance Cluster – CFDA #84.032/84.063
Federal Award Number / Year	2008/2009
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

**Questioned Costs / Material Weakness / Significant Deficiency – Eligibility
Student Financial Assistance Cluster**

34 C.F.R. § 682.204(a) states that in the case of an undergraduate student who has not successfully completed the first year of a program of undergraduate education, the total amount the student may borrow for any academic year of study under the Stafford Loan Program may not exceed \$3,500. Furthermore, §682.204(d) states that in addition to the amount noted above, an independent undergraduate student may borrow additional amounts under the Unsubsidized Stafford Loan Program. In the case of a student who has not successfully completed the first year of a program of undergraduate education, this amount may not exceed \$4,000.

34 C.F.R. § 682.201(a) states that a dependent undergraduate student is eligible to receive an unsubsidized Stafford loan if the student who is enrolled or accepted for enrollment on at least a half-time basis at a participating school meets the requirements for an eligible student and is a dependent undergraduate student for whom the financial aid administrator determines and documents in the school's file, after review of the family financial information provided by the student and consideration of the student's debt burden, that the student's parents likely will be precluded by exceptional circumstances (e.g., denial of a PLUS loan to a parent based on adverse credit, the student's parent receives only public assistance or disability benefits, is incarcerated, or his or her whereabouts are unknown) from borrowing under the PLUS Program and the student's family is otherwise unable to provide the student's expected family contribution.

The "Ensuring Continued Access to Student Loans Act of 2008" (Pub. L. No. 110-227) (ECASLA) increased the additional Unsubsidized Stafford Loan annual limit for an independent undergraduate student (or a dependent undergraduate student whose parents are unable to borrow a PLUS loan) from \$4,000 to \$6,000 for students who have not completed the first two years of undergraduate education. The ECASLA also provided an additional Unsubsidized Stafford loan amount of \$2,000 for a dependent undergraduate student (except for dependent students whose parents are unable to borrow a PLUS loan).

During fiscal year 2009, the District considered all students to be first-year undergraduate students. For thirteen of the District's dependent undergraduate students, Unsubsidized Stafford loans were awarded in excess of the \$2,000 allowable, resulting in questioned costs of \$21,855.

Total questioned costs for funds spent on ineligible students are \$21,855 or 3.48% of total Student Financial Assistance expenditures. We recommend the District follow student eligibility requirements outlined in 34 C.F.R. § 682.201, § 682.204, and the ECASLA. We further recommend that the Director of Adult Education review and approve all awards prior to submission, ensuring that the award amount is appropriate.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009
(Continued)**

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

Officials’ Response and Corrective Action Plan:

This was a misunderstanding on behalf of the Adult Ed Financial Assistant. Effective with the issuance of this audit report, the Adult Ed Financial Assistant will begin requesting the appropriate awards as set forth in 34 C.F.R. § 682.201 and § 682.204. The Adult Ed Director will review all awards prior to submission.

Finding Number	2009-002
CFDA Title and Number	Student Financial Assistance Cluster – CFDA #84.032/84.063
Federal Award Number / Year	2008/2009
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

**Material Non-Compliance / Material Weakness / Significant Deficiency – Eligibility
Student Financial Assistance Cluster**

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

1. The entire payment period must be considered to occur within one award year;
2. The institution shall determine for each Federal Pell Grant recipient the award year in which the payment period will be placed subject to the restrictions set forth in step 3. below;
3. The institution shall place a payment period with more than six months scheduled to occur within one award year in that award year;
4. If an institution places the payment period in the first award year, it shall pay a student with funds from the first award year; and
5. If an institution places the payment period in the second award year, it shall pay a student with funds from the second award year.

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

Furthermore, 34 C.F.R. § 682.204 states that for Federal Stafford Loans, the annual maximum loan amount an undergraduate student may borrow must be prorated in the following situations:

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

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

During fiscal year 2009, the District calculated all Federal Pell Grants and Federal Stafford Loan awards based on the District’s fiscal year rather than in accordance with the above requirements. This resulted in thirty-six percent of the Federal Pell Grants and Federal Stafford Loans tested being calculated incorrectly.

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009
(Continued)

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

**Material Non-Compliance / Material Weakness / Significant Deficiency – Eligibility
Student Financial Assistance Cluster (Continued)**

We recommend that the District calculate Federal Pell Grant and Federal Stafford Loan awards based on the criteria set forth in 34 C.F.R. § 690.64 and § 682.204. We further recommend that the Director of Adult Education review and approve all awards prior to submission, ensuring that the award amount is appropriate.

Officials' Response and Corrective Action Plan:

Effective with the issuance of this audit report, the Adult Ed Financial Assistant will begin calculating the PELL Grant and Stafford Loan awards based on the criteria set forth in 34 C.F.R. § 690.64 and § 682.204. The Adult Ed Director will review all awards prior to submission.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 19, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;

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- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

March 1, 2010



Mary Taylor, CPA
Auditor of State

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 6, 2010