



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

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, 2004, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that 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, 2004, and the respective changes in financial position and cash flows, where applicable, 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 18, 2005, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards receipts and expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure 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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 18, 2005

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
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, 2004. 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

Key highlights for fiscal year 2004 are as follows:

Net assets for governmental activities increased \$329,705 from the prior fiscal year, or 6 percent. Much of the increase was the result of additional resources the School District was required to set aside due to unusually high medical claims. The decrease of \$37,291 for business-type activities was also 6 percent. The increase in expenses for business-type activities exceeded the increase in revenues for fiscal year 2004.

General revenues were \$7,910,970, or 65 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, 98 percent of total revenues were generated by the programs, most of which was in the form of charges for services and sales.

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 2004. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**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, Uniform School Supplies, and Rotary (vocational programs) funds are reported as business-type activities.

Reporting the School District's Most Significant Funds

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**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 2004 compared to fiscal year 2003:

Table 1
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|--------------------|-----------------------------|------------------|--------------------|--------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| <u>Assets</u> | | | | | | |
| Current and Other Assets | \$7,013,382 | \$6,523,770 | \$328,024 | \$309,838 | \$7,341,406 | \$6,833,608 |
| Capital Assets, Net | 4,837,642 | 5,117,745 | 321,177 | 345,212 | 5,158,819 | 5,462,957 |
| Total Assets | <u>11,851,024</u> | <u>11,641,515</u> | <u>649,201</u> | <u>655,050</u> | <u>12,500,225</u> | <u>12,296,565</u> |
| <u>Liabilities</u> | | | | | | |
| Current and Other Liabilities | 4,951,355 | 4,684,992 | 93,412 | 64,807 | 5,044,767 | 4,749,799 |
| Long-Term Liabilities | 1,097,973 | 1,484,532 | 14,601 | 11,764 | 1,112,574 | 1,496,296 |
| Total Liabilities | <u>6,049,328</u> | <u>6,169,524</u> | <u>108,013</u> | <u>76,571</u> | <u>6,157,341</u> | <u>6,246,095</u> |
| <u>Net Assets</u> | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 3,997,112 | 3,869,522 | 321,177 | 345,212 | 4,318,289 | 4,214,734 |
| Restricted | 113,111 | 78,429 | 0 | 0 | 113,111 | 78,429 |
| Unrestricted | 1,691,473 | 1,524,040 | 220,011 | 233,267 | 1,911,484 | 1,757,307 |
| Total Net Assets | <u>\$5,801,696</u> | <u>\$5,471,991</u> | <u>\$541,188</u> | <u>\$578,479</u> | <u>\$6,342,884</u> | <u>\$6,050,470</u> |

While the change in total assets for governmental activities was not significant, there was a substantial increase in cash and cash equivalents from the prior fiscal year. The School District was required to set aside additional resources due to unusually high medical claims and as a result these resources could not be spent for other purposes. The change in total liabilities for governmental activities was also not particularly significant.

The most significant change for business-type activities was reflected in accounts payable. Two items in particular contributed to the increase in these payables, the contract with the School District's food service provider and computers purchased for Adult Education.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Unaudited
(Continued)**

Table 2 reflects the changes in net assets from the prior fiscal year.

Table 2
Change in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| <u>Revenues</u> | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services and Sales | \$1,440,897 | \$861,289 | \$1,340,054 | \$1,200,165 | \$2,780,951 | \$2,061,454 |
| Operating Grants, Contributions, and Interest | 2,878,965 | 2,628,820 | 269,316 | 255,877 | 3,148,281 | 2,884,697 |
| Total Program Revenues | <u>4,319,862</u> | <u>3,490,109</u> | <u>1,609,370</u> | <u>1,456,042</u> | <u>5,929,232</u> | <u>4,946,151</u> |
| General Revenues | | | | | | |
| Property Taxes | 4,127,021 | 4,055,192 | 0 | 0 | 4,127,021 | 4,055,192 |
| Grants and Entitlements not Restricted to Specific Programs | 3,672,189 | 3,476,274 | 0 | 0 | 3,672,189 | 3,476,274 |
| Interest | 25,431 | 30,590 | 0 | 0 | 25,431 | 30,590 |
| Miscellaneous | 86,329 | 78,590 | 32,946 | 0 | 119,275 | 78,590 |
| Total General Revenues | <u>7,910,970</u> | <u>7,640,646</u> | <u>32,946</u> | <u>0</u> | <u>7,943,916</u> | <u>7,640,646</u> |
| Total Revenues | <u>12,230,832</u> | <u>11,130,755</u> | <u>1,642,316</u> | <u>1,456,042</u> | <u>13,873,148</u> | <u>12,586,797</u> |
| Transfers | (75,420) | (110,851) | 75,420 | 110,851 | 0 | 0 |
| Total Revenues and Transfers | <u>12,155,412</u> | <u>11,019,904</u> | <u>1,717,736</u> | <u>1,566,893</u> | <u>13,873,148</u> | <u>12,586,797</u> |
| <u>Expenses</u> | | | | | | |
| Instruction: | | | | | | |
| Regular | 224,218 | 188,949 | 0 | 0 | 224,218 | 188,949 |
| Vocational | 6,144,099 | 5,954,765 | 0 | 0 | 6,144,099 | 5,954,765 |
| Adult/Continuing | 17,448 | 59,674 | 0 | 0 | 17,448 | 59,674 |
| Support Services: | | | | | | |
| Pupils | 821,884 | 809,794 | 0 | 0 | 821,884 | 809,794 |
| Instructional Staff | 653,727 | 550,740 | 0 | 0 | 653,727 | 550,740 |
| Board of Education | 72,080 | 100,375 | 0 | 0 | 72,080 | 100,375 |
| Administration | 825,603 | 785,059 | 0 | 0 | 825,603 | 785,059 |
| Fiscal | 382,578 | 347,000 | 0 | 0 | 382,578 | 347,000 |
| Business | 148,633 | 181,934 | 0 | 0 | 148,633 | 181,934 |
| Operation of Maintenance of Plant | 940,935 | 936,549 | 0 | 0 | 940,935 | 936,549 |
| Pupil Transportation | 9,429 | 7,606 | 0 | 0 | 9,429 | 7,606 |
| Central | 153,640 | 144,009 | 0 | 0 | 153,640 | 144,009 |
| Non-Instructional Services | 9,293 | 13,008 | 0 | 0 | 9,293 | 13,008 |
| Extracurricular Activities | 31,144 | 34,284 | 0 | 0 | 31,144 | 34,284 |
| Internal Service Fund-External Portion | 1,340,959 | 906,073 | 0 | 0 | 1,340,959 | 906,073 |
| Interest and Fiscal Charges | 50,037 | 66,258 | 0 | 0 | 50,037 | 66,258 |
| Adult Education | 0 | 0 | 1,034,089 | 957,802 | 1,034,089 | 957,802 |
| Food Service | 0 | 0 | 234,682 | 180,727 | 234,682 | 180,727 |
| Uniform School Supplies | 0 | 0 | 139,584 | 101,305 | 139,584 | 101,305 |
| Rotary | 0 | 0 | 346,672 | 284,047 | 346,672 | 284,047 |
| Total Expenses | <u>11,825,707</u> | <u>11,086,077</u> | <u>1,755,027</u> | <u>1,523,881</u> | <u>13,580,734</u> | <u>12,609,958</u> |
| Increase (Decrease) in Net Assets | <u>\$329,705</u> | <u>(\$66,173)</u> | <u>(\$37,291)</u> | <u>\$43,012</u> | <u>\$292,414</u> | <u>(\$23,161)</u> |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Unaudited
(Continued)**

Program revenues for governmental activities were 35 percent of total revenues, up slightly from the prior fiscal year. The increase in charges for services was related to increased charges for health care. All other revenue sources were fairly comparable to the prior fiscal year.

Program expenses for governmental activities also remained comparable to the prior fiscal year.

The major program expense for governmental activities will always be for instruction, which is 54 percent of all governmental expenses. Other programs which support the instruction process, including pupils and instructional staff, are 12 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 8 percent. Therefore, over 74 percent of the School District's expenses are related to providing facilities and delivering education. As can be seen, these costs are funded almost entirely from property taxes and grants and entitlements.

Program revenues for business-type activities were 98 percent of total revenues. Expenses were up somewhat from the prior fiscal year. This was largely the result of increased salaries associated with teachers in the rotary programs (vocational programs) as well as the contract with the School District's food service provider.

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 and sales, 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 | |
|------------------|---------------------------|-----------|-------------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Instruction: | | | | |
| Regular | \$224,218 | \$188,949 | \$224,218 | \$188,949 |
| Special | 0 | 0 | (451,975) | (404,179) |
| Vocational | 6,144,099 | 5,954,765 | 3,784,528 | 3,803,429 |
| Adult/Continuing | 17,448 | 59,674 | (47,114) | 21,236 |
| | | | | (continued) |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Unaudited
(Continued)**

Table 3
Governmental Activities
(continued)

| | Total Cost of Services | | Net Cost of Services | |
|--|---------------------------|---------------------|-------------------------|--------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Support Services: | | | | |
| Pupils | \$821,884 | \$809,794 | \$804,228 | \$759,753 |
| Instructional Staff | 653,727 | 550,740 | 653,727 | 550,740 |
| Board of Education | 72,080 | 100,375 | 72,080 | 100,375 |
| Administration | 825,603 | 785,059 | 825,603 | 785,059 |
| Fiscal | 382,578 | 347,000 | 382,578 | 347,000 |
| Business | 148,633 | 181,934 | 148,633 | 181,934 |
| Operation and Maintenance of Plant | 940,935 | 936,549 | 940,935 | 936,549 |
| Pupil Transportation | 9,429 | 7,606 | 9,429 | 7,606 |
| Central | 153,640 | 144,009 | 153,640 | 144,009 |
| Non-Instructional Services | 9,293 | 13,008 | 9,293 | 13,008 |
| Extracurricular Activities | 31,144 | 34,284 | 30,790 | 33,671 |
| Internal Service Fund-External Portion | 1,340,959 | 906,073 | (84,785) | 60,571 |
| Interest and Fiscal Charges | 50,037 | 66,258 | 50,037 | 66,258 |
| Total Expenses | <u>\$11,825,707</u> | <u>\$11,086,077</u> | <u>\$7,505,845</u> | <u>\$7,595,968</u> |

With over 55 percent of instruction activities, and 63 percent of all governmental activities expenses supported through taxes and other general revenues, the School District's dependence on tax revenues and unrestricted state entitlements is significant and is consistent with similar support requirements in prior fiscal years. The School District does receive a substantial portion of foundation monies which are restricted to vocational instruction. These monies paid for 38 percent of vocational instruction costs in fiscal year 2004. In fiscal year 2004, the internal service fund-external portion had program revenues in excess of expenses.

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 revenues of \$10,198,318 and expenditures of \$9,885,535. The positive change of \$312,783 was before providing transfers to other funds.

The School District's major enterprise fund is the Adult Education fund. For the fiscal year ended June 30, 2004, the fund had an operating loss of \$268,771. The fund has had operating losses over the past four fiscal years; \$248,324 for fiscal year 2003, \$220,965 for fiscal year 2002, and \$322,185 for fiscal year 2001. Over this four year period, operations of the fund have been subsidized with transfers from the General Fund. These Board approved transfers will continue in the future.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Unaudited
(Continued)**

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 2004, the School District amended its General Fund budget as needed. Final budgeted revenues, in the amount of \$10,144,187, were slightly higher than the original budgeted revenues, in the amount of \$9,705,925. The difference of \$438,262 was approximately 5 percent.

Final expenditures were budgeted at 9,942,894 while actual expenditures were \$9,880,261. The difference was less than 1 percent.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$4,837,642 invested in capital assets (net of accumulated depreciation) for governmental activities, a 5 percent decrease from the prior fiscal year. The decrease is the result of depreciation expense exceeding additions. The only capital asset addition in fiscal year 2004 was for construction related to the installation of a new alarm system.

The business-type activities had \$321,177 invested in capital assets (net of accumulated depreciation). The decrease is the result of depreciation expense exceeding additions.

For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2004, the School District had an outstanding school facilities loan, in the amount of \$220,205, the proceeds of which were used to construct a science wing.

The School District also had \$344,000 of outstanding energy conservation general obligation bonds and outstanding capital leases, in the amount of \$276,325.

In addition to the debt outlined above, the School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Current Issues

Little fluctuation in the School District's financial statements over the past couple of fiscal years demonstrates that the School District has been able to maintain operations a declining economy and uncertainty in State funding. Tri-Rivers Joint Vocational School District is in a primarily residential/farming area of the State covering Crawford, Delaware, Hardin, Marion, Morrow, Union, and Wyandot counties.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Unaudited
(Continued)**

In June 1978, the School District passed a 2.1 mill continuing levy that generates a little over \$1.9 million. In November 2001, the School District renewed a 1.3 mill, five year operating levy that generates over \$1.4 million. In November 2003, the School District renewed a 1 mill, five year operating levy that generates approximately \$941,000.

Challenges for the School District include ever increasing costs of health care and property insurance. State foundation monies continue to be uncertain. The School District strives to reduce costs at every possible opportunity.

Contacting the School District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2004**

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|--------------------|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,377,561 | \$262,298 | \$2,639,859 |
| Accounts Receivable | 24,336 | 26,475 | 50,811 |
| Intergovernmental Receivable | 46,438 | 55,319 | 101,757 |
| Internal Balances | 22,383 | (22,383) | 0 |
| Prepaid Items | 27,492 | 6,315 | 33,807 |
| Materials and Supplies Inventory | 89,688 | 0 | 89,688 |
| Property Taxes Receivable | 4,425,484 | 0 | 4,425,484 |
| Nondepreciable Capital Assets | 365,012 | 0 | 365,012 |
| Depreciable Capital Assets, Net | 4,472,630 | 321,177 | 4,793,807 |
| Total Assets | <u>11,851,024</u> | <u>649,201</u> | <u>12,500,225</u> |
| <u>Liabilities:</u> | | | |
| Accounts Payable | 208,983 | 26,533 | 235,516 |
| Accrued Wages and Benefits Payable | 801,936 | 43,437 | 845,373 |
| Intergovernmental Payable | 147,596 | 23,442 | 171,038 |
| Accrued Interest Payable | 798 | 0 | 798 |
| Special Termination Benefits Payable | 14,900 | 0 | 14,900 |
| Claims Payable | 638,517 | 0 | 638,517 |
| Deferred Revenue | 3,138,625 | 0 | 3,138,625 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 436,127 | 860 | 436,987 |
| Due in More Than One Year | 661,846 | 13,741 | 675,587 |
| Total Liabilities | <u>6,049,328</u> | <u>108,013</u> | <u>6,157,341</u> |
| <u>Net Assets:</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 3,997,112 | 321,177 | 4,318,289 |
| Restricted For: | | | |
| Other Purposes | 113,111 | 0 | 113,111 |
| Unrestricted | 1,691,473 | 220,011 | 1,911,484 |
| Total Net Assets | <u>\$5,801,696</u> | <u>\$541,188</u> | <u>\$6,342,884</u> |

See Accompanying Notes to Basic Financial Statements

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

| | Program Revenues | | |
|--|----------------------------|-----------------------------------|---|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions, and Interest |
| <u>Governmental Activities:</u> | | | |
| Instruction: | | | |
| Regular | \$224,218 | \$0 | \$0 |
| Special | 0 | 0 | 451,975 |
| Vocational | 6,144,099 | 13,943 | 2,345,628 |
| Adult/Continuing | 17,448 | 0 | 64,562 |
| Support Services: | | | |
| Pupils | 821,884 | 856 | 16,800 |
| Instructional Staff | 653,727 | 0 | 0 |
| Board of Education | 72,080 | 0 | 0 |
| Administration | 825,603 | 0 | 0 |
| Fiscal | 382,578 | 0 | 0 |
| Business | 148,633 | 0 | 0 |
| Operation and Maintenance of Plant | 940,935 | 0 | 0 |
| Pupil Transportation | 9,429 | 0 | 0 |
| Central | 153,640 | 0 | 0 |
| Non-Instructional Services | 9,293 | 0 | 0 |
| Extracurricular Activities | 31,144 | 354 | 0 |
| Internal Service Fund-External Portion | 1,340,959 | 1,425,744 | 0 |
| Interest and Fiscal Charges | 50,037 | 0 | 0 |
| Total Governmental Activities | <u>11,825,707</u> | <u>1,440,897</u> | <u>2,878,965</u> |
| <u>Business-Type Activities:</u> | | | |
| Adult Education | <u>1,034,089</u> | <u>764,985</u> | <u>181,344</u> |
| Other Enterprise Funds | | | |
| Food Service | 234,682 | 124,056 | 68,532 |
| Uniform School Supplies | 139,584 | 143,418 | 0 |
| Rotary | 346,672 | 307,595 | 19,440 |
| Total Other Enterprise Funds | <u>720,938</u> | <u>575,069</u> | <u>87,972</u> |
| Total Business-Type Activities | <u>1,755,027</u> | <u>1,340,054</u> | <u>269,316</u> |
| Total | <u><u>\$13,580,734</u></u> | <u><u>\$2,780,951</u></u> | <u><u>\$3,148,281</u></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 Beginning of Year
Net Assets 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 |
|----------------------------|-----------------------------|--------------------|
| (\$224,218) | \$0 | (\$224,218) |
| 451,975 | 0 | 451,975 |
| (3,784,528) | 0 | (3,784,528) |
| 47,114 | 0 | 47,114 |
| (804,228) | 0 | (804,228) |
| (653,727) | 0 | (653,727) |
| (72,080) | 0 | (72,080) |
| (825,603) | 0 | (825,603) |
| (382,578) | 0 | (382,578) |
| (148,633) | 0 | (148,633) |
| (940,935) | 0 | (940,935) |
| (9,429) | 0 | (9,429) |
| (153,640) | 0 | (153,640) |
| (9,293) | 0 | (9,293) |
| (30,790) | 0 | (30,790) |
| 84,785 | 0 | 84,785 |
| (50,037) | 0 | (50,037) |
| <u>(7,505,845)</u> | <u>0</u> | <u>(7,505,845)</u> |
| 0 | (87,760) | (87,760) |
| 0 | (42,094) | (42,094) |
| 0 | 3,834 | 3,834 |
| 0 | (19,637) | (19,637) |
| 0 | (57,897) | (57,897) |
| 0 | (145,657) | (145,657) |
| <u>(7,505,845)</u> | <u>(145,657)</u> | <u>(7,651,502)</u> |
| 4,127,021 | 0 | 4,127,021 |
| 3,672,189 | 0 | 3,672,189 |
| 25,431 | 0 | 25,431 |
| 86,329 | 32,946 | 119,275 |
| <u>7,910,970</u> | <u>32,946</u> | <u>7,943,916</u> |
| (75,420) | 75,420 | 0 |
| <u>7,835,550</u> | <u>108,366</u> | <u>7,943,916</u> |
| 329,705 | (37,291) | 292,414 |
| 5,471,991 | 578,479 | 6,050,470 |
| <u>\$5,801,696</u> | <u>\$541,188</u> | <u>\$6,342,884</u> |

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

| | General | Other Governmental | Total Governmental Funds |
|--|-------------|-----------------------|--------------------------------|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,582,450 | \$46,456 | \$1,628,906 |
| Accounts Receivable | 7,287 | 0 | 7,287 |
| Intergovernmental Receivable | 31,196 | 15,242 | 46,438 |
| Interfund Receivable | 56,936 | 0 | 56,936 |
| Prepaid Items | 27,492 | 0 | 27,492 |
| Materials and Supplies Inventory | 89,688 | 0 | 89,688 |
| Property Taxes Receivable | 4,425,484 | 0 | 4,425,484 |
| Total Assets | \$6,220,533 | \$61,698 | \$6,282,231 |
| <u>Liabilities and Fund Balances:</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts Payable | \$200,425 | \$8,558 | \$208,983 |
| Accrued Wages and Benefits Payable | 801,936 | 0 | 801,936 |
| Intergovernmental Payable | 139,739 | 0 | 139,739 |
| Interfund Payable | 0 | 26,300 | 26,300 |
| Deferred Revenue | 3,385,168 | 3,631 | 3,388,799 |
| Total Liabilities | 4,527,268 | 38,489 | 4,565,757 |
| <u>Fund Balances:</u> | | | |
| Reserved for Property Taxes | 1,009,706 | 0 | 1,009,706 |
| Reserved for Encumbrances | 186,536 | 14,864 | 201,400 |
| Unreserved, Reported in: | | | |
| General Fund | 497,023 | 0 | 497,023 |
| Special Revenue Funds | 0 | 8,194 | 8,194 |
| Debt Service Fund | 0 | 151 | 151 |
| Total Fund Balances | 1,693,265 | 23,209 | 1,716,474 |
| Total Liabilities and Fund Balances | \$6,220,533 | \$61,698 | \$6,282,231 |

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, 2004**

| | | |
|---|-----------|-------------|
| Total Governmental Fund Balances | | \$1,716,474 |
| Amounts reported for governmental activities on the statement of net assets are different because of the following: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 4,837,642 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds: | | |
| Accounts Receivable | 492 | |
| Intergovernmental Receivable | 6,739 | |
| Property Taxes Receivable | 242,943 | |
| | | 250,174 |
| An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities. | | (8,253) |
| Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources and, therefore, not reported in the funds. | | (7,857) |
| Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Accrued Interest Payable | (798) | |
| Special Termination Benefits Payable | (14,900) | |
| School Facilities Loan Payable | (220,205) | |
| General Obligation Bonds Payable | (344,000) | |
| Compensated Absences Payable | (257,443) | |
| Capital Lease Payable | (276,325) | |
| | | (1,113,671) |
| 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. | | 127,187 |
| Net Assets of Governmental Activities | | \$5,801,696 |

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, 2004**

| | General | Other Governmental | Total Governmental Funds |
|---|--------------------|-----------------------|--------------------------------|
| <u>Revenues:</u> | | | |
| Property Taxes | \$4,116,803 | \$0 | \$4,116,803 |
| Intergovernmental | 5,958,317 | 655,340 | 6,613,657 |
| Interest | 18,231 | 11 | 18,242 |
| Extracurricular Activities | 354 | 0 | 354 |
| Rent | 14,542 | 0 | 14,542 |
| Gifts and Donations | 915 | 2,961 | 3,876 |
| Miscellaneous | 89,156 | 2,516 | 91,672 |
| Total Revenues | <u>10,198,318</u> | <u>660,828</u> | <u>10,859,146</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 226,761 | 0 | 226,761 |
| Vocational | 5,750,997 | 151,675 | 5,902,672 |
| Adult/Continuing | 0 | 17,448 | 17,448 |
| Support Services: | | | |
| Pupils | 514,258 | 307,689 | 821,947 |
| Instructional Staff | 575,667 | 72,118 | 647,785 |
| Board of Education | 72,080 | 0 | 72,080 |
| Administration | 780,244 | 40,535 | 820,779 |
| Fiscal | 375,502 | 0 | 375,502 |
| Business | 143,428 | 0 | 143,428 |
| Operation and Maintenance of Plant | 992,962 | 2,393 | 995,355 |
| Pupil Transportation | 5,092 | 0 | 5,092 |
| Central | 113,460 | 20,944 | 134,404 |
| Non-Instructional Services | 11,868 | 0 | 11,868 |
| Extracurricular Activities | 31,144 | 0 | 31,144 |
| Capital Outlay | 21,740 | 0 | 21,740 |
| Debt Service: | | | |
| Principal Retirement | 244,651 | 163,042 | 407,693 |
| Interest and Fiscal Charges | 25,681 | 24,780 | 50,461 |
| Total Expenditures | <u>9,885,535</u> | <u>800,624</u> | <u>10,686,159</u> |
| Excess of Revenues Over (Under) Expenditures | <u>312,783</u> | <u>(139,796)</u> | <u>172,987</u> |
| <u>Other Financing Sources (Uses):</u> | | | |
| Transfers In | 6,237 | 187,877 | 194,114 |
| Transfers Out | (269,534) | 0 | (269,534) |
| Total Other Financing Sources (Uses) | <u>(263,297)</u> | <u>187,877</u> | <u>(75,420)</u> |
| Changes in Fund Balances | 49,486 | 48,081 | 97,567 |
| Fund Balances (Deficit) at Beginning of Year | 1,643,779 | (24,872) | 1,618,907 |
| Fund Balances at End of Year | <u>\$1,693,265</u> | <u>\$23,209</u> | <u>\$1,716,474</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, 2004**

Changes in Fund Balances - Total Governmental Funds \$97,567

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

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

| | | |
|----------------|-----------|-----------|
| Capital Outlay | 61,177 | |
| Depreciation | (341,280) | |
| | (280,103) | (280,103) |

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

| | | |
|-------------------|----------|----------|
| Property Taxes | 10,218 | |
| Intergovernmental | (67,793) | |
| Rent | (599) | |
| Miscellaneous | (3,077) | |
| | (61,251) | (61,251) |

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 407,693

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net assets. 424

Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payables representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

| | | |
|--------------------------------------|----------|----------|
| Intergovernmental Payable | (2,480) | |
| Special Termination Benefits Payable | (14,900) | |
| Compensated Absences Payable | (21,134) | |
| | (38,514) | (38,514) |

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 | | 7,193 |
| Allocated to Activities | | 111,911 |

The internal service fund used by management to charge the cost of insurance to an external agency is reported on the statement of activities. The change for the external portion is reported for the year. 84,785

Change in Net Assets of Governmental Activities \$329,705

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, 2004**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | Over (Under) |
| <u>Revenues:</u> | | | | |
| Property Taxes | \$3,971,992 | \$4,118,179 | \$4,117,043 | (\$1,136) |
| Intergovernmental | 5,660,491 | 5,959,251 | 5,958,317 | (934) |
| Interest | 15,000 | 18,200 | 18,231 | 31 |
| Extracurricular Activities | 615 | 366 | 354 | (12) |
| Rent | 13,000 | 14,200 | 14,121 | (79) |
| Gifts and Donations | 900 | 915 | 915 | 0 |
| Miscellaneous | 43,927 | 33,076 | 32,721 | (355) |
| Total Revenues | <u>9,705,925</u> | <u>10,144,187</u> | <u>10,141,702</u> | <u>(2,485)</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 218,873 | 226,287 | 225,844 | 443 |
| Vocational | 6,046,727 | 5,889,707 | 5,871,790 | 17,917 |
| Support Services: | | | | |
| Pupils | 505,189 | 514,089 | 514,089 | 0 |
| Instructional Staff | 533,040 | 587,257 | 585,964 | 1,293 |
| Board of Education | 69,841 | 81,846 | 81,846 | 0 |
| Administration | 704,604 | 809,109 | 809,109 | 0 |
| Fiscal | 350,728 | 392,967 | 392,967 | 0 |
| Business | 205,705 | 176,749 | 176,749 | 0 |
| Operation and Maintenance of Plant | 1,003,252 | 1,068,904 | 1,026,100 | 42,804 |
| Pupil Transportation | 4,077 | 5,909 | 5,774 | 135 |
| Central | 119,971 | 122,729 | 122,729 | 0 |
| Non-Instructional Services | 10,435 | 11,793 | 11,793 | 0 |
| Extracurricular Activities | 36,183 | 32,881 | 32,840 | 41 |
| Capital Outlay | 21,015 | 22,667 | 22,667 | 0 |
| Total Expenditures | <u>9,829,640</u> | <u>9,942,894</u> | <u>9,880,261</u> | <u>62,633</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(123,715)</u> | <u>201,293</u> | <u>261,441</u> | <u>60,148</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Refund of Prior Year Expenditures | 28,000 | 61,188 | 62,084 | 896 |
| Refund of Prior Year Receipts | (100) | (5) | (5) | 0 |
| Advances In | 89,514 | 89,514 | 89,514 | 0 |
| Advances Out | (100,000) | (61,936) | (61,936) | 0 |
| Transfers In | 6,237 | 6,237 | 6,237 | 0 |
| Transfers Out | (552,699) | (569,627) | (531,974) | 37,653 |
| Total Other Financing Sources (Uses) | <u>(529,048)</u> | <u>(474,629)</u> | <u>(436,080)</u> | <u>38,549</u> |
| Changes in Fund Balance | (652,763) | (273,336) | (174,639) | 98,697 |
| Fund Balance at Beginning of Year | 1,340,653 | 1,340,653 | 1,340,653 | 0 |
| Prior Year Encumbrances Appropriated | 91,402 | 91,402 | 91,402 | 0 |
| Fund Balance at End of Year | <u>\$779,292</u> | <u>\$1,158,719</u> | <u>\$1,257,416</u> | <u>\$98,697</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, 2004**

| | 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 | \$115,171 | \$147,127 | \$262,298 | \$748,655 |
| Accounts Receivable | 3,861 | 22,614 | 26,475 | 17,049 |
| Intergovernmental Receivable | 42,675 | 12,644 | 55,319 | 0 |
| Prepaid Items | 3,660 | 2,655 | 6,315 | 0 |
| Total Current Assets | <u>165,367</u> | <u>185,040</u> | <u>350,407</u> | <u>765,704</u> |
| <u>Non-Current Assets:</u> | | | | |
| Depreciable Capital Assets, Net | 242,830 | 78,347 | 321,177 | 0 |
| Total Assets | <u>408,197</u> | <u>263,387</u> | <u>671,584</u> | <u>765,704</u> |
| <u>Liabilities:</u> | | | | |
| <u>Current Liabilities:</u> | | | | |
| Accounts Payable | 15,933 | 10,600 | 26,533 | 0 |
| Accrued Wages and Benefits Payable | 15,086 | 28,351 | 43,437 | 0 |
| Intergovernmental Payable | 13,229 | 10,213 | 23,442 | 0 |
| Interfund Payable | 0 | 30,636 | 30,636 | 0 |
| Claims Payable | 0 | 0 | 0 | 638,517 |
| Compensated Absences Payable | 860 | 0 | 860 | 0 |
| Total Current Liabilities | <u>45,108</u> | <u>79,800</u> | <u>124,908</u> | <u>638,517</u> |
| <u>Long-Term Liabilities:</u> | | | | |
| Compensated Absences Payable | 12,344 | 1,397 | 13,741 | 0 |
| Total Liabilities | <u>57,452</u> | <u>81,197</u> | <u>138,649</u> | <u>638,517</u> |
| <u>Net Assets:</u> | | | | |
| Invested in Capital Assets | 242,830 | 78,347 | 321,177 | 0 |
| Unrestricted | 107,915 | 103,843 | 211,758 | 127,187 |
| Total Net Assets | <u>\$350,745</u> | <u>\$182,190</u> | <u>532,935</u> | <u>\$127,187</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.

| | |
|--|-----------|
| | 8,253 |
| Net assets of business-type activities | \$541,188 |

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, 2004**

| | Business-Type Activities | | | Governmental Activity |
|---|--------------------------|---------------------|------------------------------|-----------------------------|
| | Adult Education | Other Enterprise | Total Enterprise Funds | Internal Service Fund |
| <u>Operating Revenues:</u> | | | | |
| Sales | \$0 | \$575,069 | \$575,069 | \$0 |
| Charges for Services | 764,985 | 0 | 764,985 | 3,445,710 |
| Other Operating Revenues | 13,000 | 19,946 | 32,946 | 118,647 |
| Total Operating Revenues | <u>777,985</u> | <u>595,015</u> | <u>1,373,000</u> | <u>3,564,357</u> |
| <u>Operating Expenses:</u> | | | | |
| Salaries | 533,855 | 112,549 | 646,404 | 0 |
| Fringe Benefits | 264,781 | 75,603 | 340,384 | 0 |
| Purchased Services | 28,279 | 226,504 | 254,783 | 319,207 |
| Materials and Supplies | 178,274 | 160,138 | 338,412 | 0 |
| Cost of Sales | 0 | 142,026 | 142,026 | 0 |
| Claims | 0 | 0 | 0 | 3,033,193 |
| Depreciation | 17,918 | 6,117 | 24,035 | 0 |
| Other Operating Expenses | 23,649 | 595 | 24,244 | 0 |
| Total Operating Expenses | <u>1,046,756</u> | <u>723,532</u> | <u>1,770,288</u> | <u>3,352,400</u> |
| Operating Income (Loss) | <u>(268,771)</u> | <u>(128,517)</u> | <u>(397,288)</u> | <u>211,957</u> |
| <u>Non-Operating Revenues</u> | | | | |
| Federal Donated Commodities | 0 | 2,442 | 2,442 | 0 |
| Operating Grants | 172,876 | 83,271 | 256,147 | 0 |
| Operating Contributions | 8,468 | 2,226 | 10,694 | 0 |
| Interest | 0 | 33 | 33 | 7,193 |
| Total Non-Operating Revenues | <u>181,344</u> | <u>87,972</u> | <u>269,316</u> | <u>7,193</u> |
| Income (Loss) Before Transfers | <u>(87,427)</u> | <u>(40,545)</u> | <u>(127,972)</u> | <u>219,150</u> |
| Transfers In | 50,000 | 31,657 | 81,657 | 0 |
| Transfers Out | <u>0</u> | <u>(6,237)</u> | <u>(6,237)</u> | <u>0</u> |
| Changes in Net Assets | <u>(37,427)</u> | <u>(15,125)</u> | <u>(52,552)</u> | <u>219,150</u> |
| Net Assets (Deficit) at Beginning of Year | 388,172 | 197,315 | | (91,963) |
| Net Assets at End of Year | <u>\$350,745</u> | <u>\$182,190</u> | | <u>\$127,187</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:

15,261
(\$37,291)

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, 2004**

| | Business-Type Activities | | | Governmental |
|---|--------------------------|---------------------|------------------------------|---|
| | Adult Education | Other Enterprise | Total Enterprise Funds | Activity Internal Service Fund |
| <u>Increase (Decrease) in Cash and Cash Equivalents</u> | | | | |
| <u>Cash Flow from Operating Activities:</u> | | | | |
| Cash Received from Customers | \$757,337 | \$564,416 | \$1,321,753 | \$0 |
| Cash Received from Transactions with Other Funds | 0 | 0 | 0 | 3,447,600 |
| Cash Received from Other Revenues | 17,564 | 19,946 | 37,510 | 275,837 |
| Cash Payments for Salaries | (531,567) | (104,800) | (636,367) | 0 |
| Cash Payments for Fringe Benefits | (263,872) | (73,098) | (336,970) | 0 |
| Cash Payments for Goods and Services | (203,526) | (518,692) | (722,218) | (319,207) |
| Cash Payments for Claims | 0 | 0 | 0 | (2,983,042) |
| Cash Payments for Other Expenses | (21,565) | (500) | (22,065) | 0 |
| Net Cash Provided by (Used for) Operating Activities | <u>(245,629)</u> | <u>(112,728)</u> | <u>(358,357)</u> | <u>421,188</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | | | | |
| Cash Received from Operating Grants | 171,740 | 93,499 | 265,239 | 0 |
| Cash Received from Operating Contributions | 8,468 | 2,226 | 10,694 | 0 |
| Cash Received from Transfers In | 50,000 | 31,657 | 81,657 | 0 |
| Cash Received from Advances In | 0 | 30,636 | 30,636 | 0 |
| Cash Payments for Transfers Out | 0 | (6,237) | (6,237) | 0 |
| Net Cash Provided by Noncapital Financing Activities | <u>230,208</u> | <u>151,781</u> | <u>381,989</u> | <u>0</u> |
| <u>Cash Flows from Investing Activities:</u> | | | | |
| Cash Received from Interest | 0 | 33 | 33 | 7,193 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (15,421) | 39,086 | 23,665 | 428,381 |
| Cash and Cash Equivalents at Beginning of Year | 130,592 | 108,041 | 238,633 | 320,274 |
| Cash and Cash Equivalents at End of Year | <u>\$115,171</u> | <u>\$147,127</u> | <u>\$262,298</u> | <u>\$748,655</u> |
| <u>Reconciliation of Operating Income (Loss)</u> | | | | |
| <u>to Net Cash Provided by (Used for) Operating Activities:</u> | | | | |
| Operating Income (Loss) | (\$268,771) | (\$128,517) | (\$397,288) | \$211,957 |
| <u>Adjustments to Reconcile Operating Income (Loss)</u> | | | | |
| <u>to Net Cash Provided by (Used for) Operating Activities:</u> | | | | |
| Depreciation | 17,918 | 6,117 | 24,035 | 0 |
| Donated Commodities Received During Year | 0 | 2,442 | 2,442 | 0 |
| <u>Changes in Assets and Liabilities:</u> | | | | |
| (Increase) Decrease in Accounts Receivable | 923 | (9,113) | (8,190) | 157,190 |
| (Increase) Decrease in Intergovernmental Receivable | (4,007) | (1,540) | (5,547) | 1,890 |
| Increase in Prepaid Items | (3,660) | (1,591) | (5,251) | 0 |
| Increase in Accounts Payable | 8,756 | 8,858 | 17,614 | 0 |
| Increase in Accrued Wages and Benefits Payable | 846 | 5,039 | 5,885 | 0 |
| Increase in Intergovernmental Payable | 926 | 4,180 | 5,106 | 0 |
| Increase in Claims Payable | 0 | 0 | 0 | 50,151 |
| Increase in Compensated Absences Payable | 1,440 | 1,397 | 2,837 | 0 |
| Net Cash Provided by (Used for) Operating Activities | <u>(\$245,629)</u> | <u>(\$112,728)</u> | <u>(\$358,357)</u> | <u>\$421,188</u> |
| <u>Non-Cash Transactions</u> | | | | |

During fiscal year 2004, the Food Service enterprise fund received donated commodities, in the amount of \$2,442.

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, 2004**

| | <u>Private Purpose Trust</u> | <u>Agency</u> |
|--|----------------------------------|----------------|
| <u>Assets:</u> | | |
| Equity in Pooled Cash and Cash Equivalents | \$43,543 | \$4,609 |
| Notes Receivable | 1,472 | 0 |
| Total Assets | <u>45,015</u> | <u>\$4,609</u> |
| <u>Liabilities:</u> | | |
| Undistributed Assets | 0 | \$990 |
| Due to Students | 0 | 3,619 |
| Total Liabilities | <u>0</u> | <u>\$4,609</u> |
| <u>Net Assets:</u> | | |
| Held in Trust for Scholarships | 15,764 | |
| Endowments | 29,251 | |
| Total Net Assets | <u>\$45,015</u> | |

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Additions:

| | |
|---------------------|--------------|
| Interest | \$668 |
| Gifts and Donations | 181 |
| Miscellaneous | 780 |
| Total Additions | <u>1,629</u> |

Deductions:

| | |
|----------------------------|------------|
| Non-Instructional Services | <u>450</u> |
|----------------------------|------------|

Change in Net Assets 1,179

| | |
|------------------------------|------------------------|
| Net Assets Beginning of Year | <u>43,836</u> |
| Net Assets End of Year | <u><u>\$45,015</u></u> |

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Note 1 - Description of the School District and Reporting Entity

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

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

Reporting Entity

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

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

The School District participates in the Tri-Rivers Educational Computer Association, a jointly governed organization, and the Ohio School Plan and Ohio School Boards Association Workers' Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 20 and 21 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 and 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, 2004
(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, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

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

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

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

Proprietary Funds

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

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fiduciary Funds (Continued)

The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various staff and student-managed activities and for the activities of the Tri-Rivers Educational Computer Association (TRECA).

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire 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 2004, investments were limited to STAR Ohio. Also, although not held at fiscal year end, the School District invested in repurchase agreements during fiscal year 2004. 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, 2004.

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 2004, was \$18,231, which includes \$4,157 assigned from other School District funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

F. Cash and Investments (Continued)

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, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is stated at cost on a first-in, first-out basis and is expensed/expensed when used. Inventory consists of administrative supplies in the governmental 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 (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of ten thousand dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets by the proprietary funds is also capitalized.

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

| <u>Description</u> | <u>Useful Lives</u> |
|-------------------------------------|---------------------|
| Buildings and Building Improvements | 10 - 40 years |
| Furniture, Fixtures, and Equipment | 5 - 30 years |
| Vehicles | 10 years |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Net Assets (Continued)

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

N. Fund Balance Reserves

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

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

O. Operating Revenues and Expenses

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

P. Interfund Transactions

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

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

Q. Extraordinary and Special Items

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Change in Accounting Principle

For fiscal year 2004, the School District has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". GASB Statement No. 39 establishes additional guidance on the application of existing standards for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the primary government. The implementation of this statement did not result in any change to the School District's financial statements.

Note 4 - Accountability

At June 30, 2004, the Innovative Programs and Safe Supportive Competitive Grant special revenue funds had a deficit fund balance, in the amount of \$834 and \$10 respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 5 - Budgetary Basis of Accounting (Continued)

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

| Change in Fund Balance | |
|--|-------------|
| GAAP Basis | \$49,486 |
| <u>Increase (Decrease) Due To:</u> | |
| Revenue Accruals: | |
| Accrued FY 2003, Received in Cash FY 2004 | 1,078,489 |
| Accrued FY 2004, Not Yet Received in Cash | (1,073,021) |
| Expenditure Accruals: | |
| Accrued FY 2003, Paid in Cash FY 2004 | (1,040,688) |
| Accrued FY 2004, Not Yet Paid in Cash | 1,142,100 |
| Prepaid Items | (7,124) |
| Materials and Supplies Inventory | (26,425) |
| Capital Lease Principal | 239,499 |
| Capital Lease Interest | 22,941 |
| Advances In | 89,514 |
| Advances Out | (61,936) |
| Reallocation of Debt Activity | (262,440) |
| Encumbrances Outstanding at Fiscal Year End (Budget Basis) | (325,034) |
| Budget Basis | (\$174,639) |

Note 6 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 6 - Deposits and Investments (Continued)

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.

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

Interim monies 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 provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

The State Treasurer's investment pool (STAR Ohio); and

6. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 6 - Deposits and Investments (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$24,960 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the School District's deposits was \$863,315 and the bank balance was \$908,991. Of the bank balance, \$202,226 was covered by federal depository insurance and \$706,765 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's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

| | Cash and Cash Equivalents/ Deposits | Investments |
|----------------------|--|-------------|
| GASB Statement No. 9 | \$2,688,011 | \$0 |
| Cash on Hand | (24,960) | 0 |
| STAR Ohio | (1,799,736) | 1,799,736 |
| GASB Statement No. 3 | \$863,315 | \$1,799,736 |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 7 - Receivables

Receivables at June 30, 2004, consisted of accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, property taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Accounts receivable at June 30 were \$50,811. Notes receivable, representing loans made to students for higher education, were \$1,472. All receivables, except for a portion of notes, are considered collectible within one year. Notes receivable are repaid according to payment schedules made with the various students.

A summary of the principal items of intergovernmental receivables follows:

| | Amount |
|-------------------------------------|-----------|
| Governmental Activities | |
| General Fund | |
| Homestead and Rollback | \$3,108 |
| Marion Technical College | 12,500 |
| TRECA | 213 |
| Miscellaneous | 15,375 |
| Total General Fund | 31,196 |
| Other Governmental Funds | |
| Career Development | 5,010 |
| VEPD | 6,601 |
| Title VI | 3,631 |
| Total Other Governmental Funds | 15,242 |
| Total Governmental Activities | 46,438 |
| Business-Type Activities | |
| Adult Education | \$42,675 |
| Other Enterprise Fund | |
| Rotary | 12,644 |
| Total Business-Type Activities | 55,319 |
| Total Intergovernmental Receivables | \$101,757 |

Note 8 - Property Taxes

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 8 - Property Taxes (Continued)

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed values as of January 1, 2003, 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 2004 represent the collection of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien on December 31, 2002, were levied after April 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2004 (other than public utility property) represent the collection of calendar year 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. For fiscal year 2004, the settlement was delayed beyond fiscal year end.

The School District receives property taxes from seven counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2004, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 and the late personal property tax settlement were levied to finance current fiscal year operations and are 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, 2004, was \$1,009,706 in the General Fund. The amount available as an advance at June 30, 2003, was \$1,019,112 in the General Fund.

The amounts for the late personal property tax settlements made by the counties for fiscal year 2004 and 2003, were \$34,210 and \$25,044, respectively.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 8 - Property Taxes (Continued)

The assessed values upon which the fiscal year 2004 taxes were collected are:

| | 2003 Second- Half Collections | | 2004 First- Half Collections | |
|---|----------------------------------|----------------|---------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$1,234,564,010 | 82.88% | \$1,262,055,960 | 83.22% |
| Public Utility | 94,965,840 | 6.38 | 94,774,450 | 6.25 |
| Tangible Personal | 160,068,991 | 10.74 | 159,831,829 | 10.53 |
| Total Assessed Value | <u>\$1,489,598,841</u> | <u>100.00%</u> | <u>\$1,516,662,239</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$4.40 | | \$4.40 | |

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

| | Balance at 6/30/03 | Additions | Reductions | Balance at 6/30/04 |
|--|-----------------------|--------------------|------------|-----------------------|
| Governmental Activities | | | | |
| Nondepreciable Capital Assets | | | | |
| Land | \$241,082 | \$0 | \$0 | \$241,082 |
| Construction in Progress | 62,753 | 61,177 | 0 | 123,930 |
| Total Nondepreciable Capital Assets | <u>303,835</u> | <u>61,177</u> | <u>0</u> | <u>365,012</u> |
| Depreciable Capital Assets | | | | |
| Buildings and Building Improvements | \$9,074,777 | \$0 | \$0 | \$9,074,777 |
| Furniture, Fixtures, and Equipment | 512,415 | 0 | 0 | 512,415 |
| Vehicles | 28,290 | 0 | 0 | 28,290 |
| Total Depreciable Capital Assets | <u>9,615,482</u> | <u>0</u> | <u>0</u> | <u>9,615,482</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Building Improvements | (4,627,014) | (285,986) | 0 | (4,913,000) |
| Furniture, Fixtures, and Equipment | (170,269) | (52,465) | 0 | (222,734) |
| Vehicles | (4,289) | (2,829) | 0 | (7,118) |
| Total Accumulated Depreciation | <u>(4,801,572)</u> | <u>(341,280)</u> | <u>0</u> | <u>(5,142,852)</u> |
| Depreciable Capital Assets, Net | <u>4,813,910</u> | <u>(341,280)</u> | <u>0</u> | <u>4,472,630</u> |
| Governmental Activities Capital Assets, Net | <u>\$5,117,745</u> | <u>(\$280,103)</u> | <u>\$0</u> | <u>\$4,837,642</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 9 - Capital Assets (Continued)

| | Balance at 6/30/03 | Additions | Reductions | Balance at 6/30/04 |
|---|-----------------------|-------------------|------------|-----------------------|
| Business-Type Activities | | | | |
| Depreciable Capital Assets | | | | |
| Buildings and Building Improvements | \$780,832 | \$0 | \$0 | \$780,832 |
| Furniture, Fixtures, and Equipment | 20,931 | 0 | 0 | 20,931 |
| Total Depreciable Capital Assets | <u>801,763</u> | <u>0</u> | <u>0</u> | <u>801,763</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Building Improvements | (446,656) | (22,609) | 0 | (469,265) |
| Furniture, Fixtures, and Equipment | (9,895) | (1,426) | 0 | (11,321) |
| Total Accumulated Depreciation | <u>(456,551)</u> | <u>(24,035)</u> | <u>0</u> | <u>(480,586)</u> |
| Business-Type Activities Capital Assets, Net | <u>\$345,212</u> | <u>(\$24,035)</u> | <u>\$0</u> | <u>\$321,177</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------|------------------|
| Instruction: | |
| Vocational | \$285,570 |
| Support Services: | |
| Pupils | 2,513 |
| Instructional Staff | 6,221 |
| Administration | 5,024 |
| Fiscal | 2,513 |
| Business | 7,536 |
| Operation and Maintenance of Plant | 8,330 |
| Pupil Transportation | 4,337 |
| Central | 19,236 |
| Total Depreciation Expense | <u>\$341,280</u> |

Depreciation expense was charged to other enterprise funds as follows:

| | |
|----------------------------|----------------|
| Other Enterprise Funds | |
| Food Service | \$5,024 |
| Rotary | 1,093 |
| Total Depreciation Expense | <u>\$6,117</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 10 - Interfund Assets/Liabilities

Interfund balances at June 30, 2004, consisted of the following individual fund receivables and payables:

Due to General Fund from:

| | |
|----------------------------|------------------------|
| Other Governmental Funds | |
| Career Development | \$7,304 |
| Quality Enhancement | 7,743 |
| Miscellaneous State Grants | 1,021 |
| VEPD | 6,601 |
| Innovative Programs | 3,631 |
| Enterprise Fund | |
| Rotary | 30,636 |
| Total General Fund | <u><u>\$56,936</u></u> |

The balance due to the General Fund includes loans made to provide cash flow resources until the receipt of grant monies by the special revenue funds and operating receipts in the enterprise fund; the entire balance is scheduled to be collected within one year.

Note 11 - 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 2004, the School District contracted for the following insurance coverage:

Coverage provided by Indiana Insurance Company:

| | |
|--|--------------|
| Buildings and Contents - replacement cost (\$1,000 deductible) | \$28,880,116 |
| Commercial Computer Coverage | 851,809 |

Coverage provided by The Midwestern Indemnity Company:

| | |
|--------------------------|-----------|
| Commercial Auto Coverage | |
| Each Accident | 1,000,000 |
| Aggregate | 3,000,000 |

Coverage provided by the Ohio School Plan:

| | |
|--|-----------|
| General Liability (\$1,000 deductible) | |
| Each Occurrence | 1,000,000 |
| Aggregate | 3,000,000 |

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 11 - Risk Management (Continued)

For fiscal year 2004, 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 2004, 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 Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District offers medical, prescription drug, dental, life, and vision insurance to all employees through a self-insured program. All funds of the School District participated in the program and made payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The School District purchased stop loss insurance for claims in excess of \$50,000 per individual per year and \$1,000,000 total aggregate lifetime. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2004, were estimated by the third party administrator at \$638,517.

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 |
|------|----------------------|---|--------------------|-------------------|
| 2004 | \$588,366 | \$3,033,193 | \$2,983,042 | \$638,517 |
| 2003 | 253,542 | 2,553,358 | 2,218,534 | 588,366 |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The School District's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2004, 2003, and 2002 was \$669,939, \$652,282, and \$410,452, respectively; 82 percent has been contributed for fiscal year 2004 and 100 percent has been contributed for fiscal years 2003 and 2002. Contributions for the DCP and CP for the fiscal year ended June 30, 2003, were \$33 made by the School District and \$13,519 made by plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 12 - Defined Benefit Pension Plans (Continued)

B. School Employees Retirement System

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute an actuarially determined rate. The rate for fiscal year 2004 was 14 percent of annual covered payroll; 9.09 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$101,939, \$78,009, and \$52,849, 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, 2004, eight members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

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

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount was \$51,536.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 13 - Postemployment Benefits (Continued)

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000, and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All members must pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50 percent for those who apply.

For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$25,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$72,244 for fiscal year 2004.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805, and the target level was \$355.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifty-two days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of sixty-three days. Teachers who maintain or exceed State performance standards for attendance in four out of the last five years of employment prior to retirement will receive an additional twenty-five days of severance pay.

B. Health Care Benefits

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 14 - Other Employee Benefits (Continued)

C. Special Termination Benefits

The School District offered a special termination benefit to teachers and classified staff members in the TREA Bargaining Unit who submitted a letter of retirement to the Superintendent between March 1 and April 1 of 2004. The employee must have been eligible to retire under the appropriate retirement system and have been employed by the School District for a minimum of 10 years. Certified employees received \$10,000 for twenty years of service, \$8,000 for fifteen years of service, or \$6,000 for ten years of service. Amounts for classified employees were calculated by multiplying the total number of workdays per year, maximum hours per day, and maximum hourly rate by 18.5 percent for twenty years of service, 14.8 percent for fifteen years of services, and 11.1 percent for ten years of service. The employee had to have the payment delayed until the following calendar year. At June 30, 2004, the liability for special termination benefits was \$14,900.

Note 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2004 were as follows:

| | Balance at 6/30/03 | Additions | Reductions | Balance at 6/30/04 | Amounts Due Within One Year |
|---|-----------------------|-----------|------------|-----------------------|--------------------------------------|
| Governmental Activities | | | | | |
| General Obligations | | | | | |
| School Facilities Loan | | | | | |
| FY 1999 0.00% | \$264,247 | \$0 | \$44,042 | \$220,205 | \$44,042 |
| General Obligation Bonds | | | | | |
| FY 1995 4.55% | 155,000 | 0 | 75,000 | 80,000 | 80,000 |
| General Obligation Bonds | | | | | |
| FY 2000 5.60% | 308,000 | 0 | 44,000 | 264,000 | 44,000 |
| Total General Long-Term Obligations | 727,247 | 0 | 163,042 | 564,205 | 168,042 |
| Compensated Absences Payable | 236,309 | 54,324 | 33,190 | 257,443 | 9,508 |
| Capital Leases Payable | 520,976 | 0 | 244,651 | 276,325 | 258,577 |
| Total Governmental Activities Long-Term Obligations | \$1,484,532 | \$54,324 | \$440,883 | \$1,097,973 | \$436,127 |
| Business-Type Activities | | | | | |
| Compensated Absences Payable | \$11,764 | \$2,837 | \$0 | \$14,601 | \$860 |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 15 - Long-Term Obligations (Continued)

FY 1999 School Facilities Loan - In fiscal year 1999, the School District obtained an interest free loan from the Ohio Department of Education, in the amount of \$440,415, for building construction. The loan was obtained under the authority of the Ohio Revised Code Sections 3317.21 and 3317.22 for a maximum fifteen year period. The School District is making accelerated payments and will pay off the loan during fiscal year 2010. The loan is being retired through the Bond Retirement debt service fund

FY 1995 General Obligation Bonds - In fiscal year 1995, the School District issued \$630,000 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 2005. The bonds are being retired through the Bond Retirement debt service fund.

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

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

The School District's overall debt margin was \$136,279,548 with an unvoted debt margin of \$1,296,608 at June 30, 2004.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2004, were as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2005 | 168,042 | 18,192 | 186,234 |
| 2006 | 88,042 | 11,088 | 99,130 |
| 2007 | 88,042 | 8,624 | 96,666 |
| 2008 | 88,042 | 6,160 | 94,202 |
| 2009 | 88,037 | 3,696 | 91,733 |
| 2010 | 44,000 | 1,232 | 45,232 |
| | <u>\$564,205</u> | <u>\$48,992</u> | <u>\$613,197</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 16 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for a roof and a copier. 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. Principal payments in 2004 were \$244,651 in the governmental funds.

| | Governmental Activities |
|-------------------------------|----------------------------|
| Property under Capital Lease | \$1,233,379 |
| Less Accumulated Depreciation | (108,627) |
| Total June 30, 2004 | \$1,124,752 |

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, 2004:

| | Governmental Activities | |
|-------|----------------------------|----------|
| | Principal | Interest |
| 2005 | \$258,577 | \$14,624 |
| 2006 | 7,080 | 1,529 |
| 2007 | 7,860 | 749 |
| 2008 | 2,808 | 62 |
| Total | \$276,325 | \$16,964 |

Note 17 - 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 17 - Set Asides (Continued)

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2004.

| | Textbooks | Capital Improvements |
|---|-------------|-------------------------|
| Balance June 30, 2003 | (\$695,317) | \$0 |
| Current Year Set Aside Requirement | 106,112 | 106,112 |
| Qualifying Expenditures | (402,348) | (106,112) |
| Balance June 30, 2004 | \$0 | \$0 |
| Amount Carried Forward to Fiscal Year 2005 | (\$991,553) | \$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 requirement in future fiscal years.

Note 18 - Interfund Transfers

During fiscal year 2004, the General Fund made transfers to other governmental funds, in the amount of \$187,877, 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. The General Fund made transfers to other enterprise funds, in the amount of \$31,657, to support the operations of food service and vocational programs.

The Food Service and Rotary enterprise funds made transfers to the General Fund, in the amount of \$4,366 and \$1,871, to repay advances made in prior years. The Board of Education had decided to transfer these resources rather than advance them; however, in fiscal year 2004 they rescinded that decision.

Note 19 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$29,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$15,764 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, 2004
(Continued)**

Note 20 - 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 Clark, Cuyahoga, Delaware, Hamilton, Knox, Mahoning, Marion, Morrow, Muskingum, Summit, Trumbull, Union, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2004, the School District paid \$11,753 to TRECA for various services. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mr. Gilead Road, Marion, Ohio 43302.

Note 21 - 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-Hyre 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-Hyre 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-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

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

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

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

Note 22 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

Note 22 - State School Funding Decision (Continued)

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

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, 2004.

B. Litigation

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

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

| <u>Federal Grantor/ Pass Through Grantor Program Title</u> | Pass Through Entity Number | Federal CFDA Number | Receipts | Non-Cash Receipts | Disburse- ments | Non-Cash Disburse- ments |
|--|----------------------------------|---------------------------|------------------|----------------------|--------------------|--------------------------------|
| <u>UNITED STATES DEPARTMENT OF AGRICULTURE</u> | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Nutrition Cluster: | | | | | | |
| Food Distribution Program | N/A | 10.550 | \$0 | \$2,442 | \$0 | \$2,442 |
| School Breakfast Program | 65268-05PU-2003 | 10.553 | 2,542 | 0 | 2,542 | 0 |
| | 65268-05PU-2004 | | 10,378 | 0 | 10,378 | 0 |
| Total School Breakfast Program | | | 12,920 | 0 | 12,920 | 0 |
| National School Lunch Program | 065268-LLP4-2003 | 10.555 | 13,897 | 0 | 13,897 | 0 |
| | 065268-LLP4-2004 | | 45,755 | 0 | 45,755 | 0 |
| Total National School Lunch Program | | | 59,652 | 0 | 59,652 | 0 |
| Total Nutrition Cluster | | | 72,572 | 2,442 | 72,572 | 2,442 |
| Child and Adult Care Food Program | 65268-CCCP-2003 | 10.558 | 486 | 0 | 486 | 0 |
| | 65268-CCCP-2004 | | 907 | 0 | 907 | 0 |
| | 65268-CCMO-2003 | | 5,521 | 0 | 5,521 | 0 |
| | 65268-CCMO-2004 | | 10,739 | 0 | 10,739 | 0 |
| Total Child and Adult Care Food Program | | | 17,653 | 0 | 17,653 | 0 |
| Total U.S. Department of Agriculture | | | 90,225 | 2,442 | 90,225 | 2,442 |
| <u>UNITED STATES DEPARTMENT OF LABOR</u> | | | | | | |
| <i>Passed Through the Ohio Department of Job and Family Services</i> | | | | | | |
| Trade Adjustment Assistance_Workers | | 17.245 | 12,228 | 0 | 12,228 | 0 |
| <i>Passed Through the Ohio Department of Education</i> | | | | | | |
| WIA Adult Program | 65268-WFHS-2003 | 17.258 | 5,000 | 0 | 5,000 | 0 |
| | 65268-WFHS-2004 | | 46,562 | 0 | 55,622 | 0 |
| Total WIA Adult Program | | | 51,562 | 0 | 60,622 | 0 |
| Total U.S. Department of Labor | | | 63,790 | 0 | 72,850 | 0 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | | | |
| Student Financial Assistance Cluster: | | | | | | |
| Federal Pell Grant Program | N/A | 84.063 | 151,187 | 0 | 151,187 | 0 |
| Federal Family Education Loans | N/A | 84.032 | 87,562 | 0 | 87,562 | 0 |
| Total Student Financial Assistance Cluster | | | 238,749 | 0 | 238,749 | 0 |
| <i>Passed Through the Ohio Department of Education:</i> | | | | | | |
| Safe and Drug-Free Schools and Communities - State Grants | 65628-DRS1-2004 | 84.186 | 1,600 | 0 | 76 | 0 |
| Innovative Educational Program Strategies | 65268-C2S1-2004 | 84.298 | 797 | 0 | 467 | 0 |
| Occupational and Employment Information State Grants | 65268-OE00-2003 | 84.346 | 300 | 0 | 0 | 0 |
| | 65268-OE00-2004 | | 10,000 | 0 | 10,000 | 0 |
| Total Occupational and Employment Information State Grants | | | 10,300 | 0 | 10,000 | 0 |
| Improving Teacher Quality | 65268-TRS1-2004 | 84.367 | 4,522 | 0 | 2,848 | 0 |
| Vocational Education - Basic Grants to States | 65268-20C1-2003 | 84.048 | 46,701 | 0 | 0 | 0 |
| | 65268-20C1-2004 | | 309,164 | 0 | 309,164 | 0 |
| <i>Passed Through Pioneer Joint Vocational School</i> | | | | | | |
| Vocational Education - Basic Grants to States | 65268-20C1-2003 | 84.048 | 6,710 | 0 | 0 | 0 |
| | 65268-20C1-2004 | | 37,406 | 0 | 44,007 | 0 |
| Total Vocational Education - Basic Grants to States | | | 399,981 | 0 | 353,171 | 0 |
| Total U.S. Department of Education | | | 655,949 | 0 | 605,311 | 0 |
| TOTAL FEDERAL AWARDS | | | \$809,964 | \$2,442 | \$768,386 | \$2,442 |

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 18, 2005. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

This report is intended solely for the information and use of the administrative committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 18, 2005



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND 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 are applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the District's management in a separate letter dated March 18, 2005.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the administrative committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 18, 2005

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions 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 weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions 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? | No |
| (d)(1)(vii) | Major Programs (list): | CFDA #84.048 – Vocational Education – Basic Grants to States <u>Nutrition Cluster</u> CFDA #10.550 – Food Distribution Program CFDA #10.553 – School Breakfast Program CFDA 10.555 – National School Lunch Program |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2004

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|-----------------|------------------|--|
| 2003-001 | Self Insurance | Yes | Fully corrected. |



**Auditor of State
Betty Montgomery**

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800-282-0370

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TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2005**