



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

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

THIS PAGE INTENTIONALLY LEFT BLANK



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

April 23, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2008 are as follows:

Net assets for governmental activities increased \$156,784 from the prior fiscal year, or 2 percent. This was not a significant change. Net assets for business-type activities decreased \$108,581, or 16 percent. This decrease was due to the excess of expenses over revenues in the Adult Education enterprise fund.

General revenues were \$8,698,142 or 75 percent of all governmental activities revenues. This reflects the School District's significant dependence on property taxes and unrestricted state entitlements.

For business-type activities, 96 percent of total revenues were generated by the programs, most of which was in the form of charges for services.

Using the Basic Financial Statements

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

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

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

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

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

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

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

Reporting the School District's Most Significant Funds

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2008 and fiscal year 2007:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
<u>Assets</u>						
Current and Other Assets	\$5,610,329	\$6,379,192	\$212,946	\$336,020	\$5,823,275	\$6,715,212
Capital Assets, Net	6,182,084	6,104,543	478,841	471,152	6,660,925	6,575,695
Total Assets	<u>11,792,413</u>	<u>12,483,735</u>	<u>691,787</u>	<u>807,172</u>	<u>12,484,200</u>	<u>13,290,907</u>
<u>Liabilities</u>						
Current and Other Liabilities	3,800,620	4,571,052	79,399	93,974	3,880,019	4,665,026
Long-Term Liabilities	617,152	694,826	46,715	38,944	663,867	733,770
Total Liabilities	<u>4,417,772</u>	<u>5,265,878</u>	<u>126,114</u>	<u>132,918</u>	<u>4,543,886</u>	<u>5,398,796</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	5,862,444	5,753,819	433,453	448,472	6,295,897	6,202,291
Restricted	80,696	76,700	0	0	80,696	76,700
Unrestricted	1,431,501	1,387,338	132,220	225,782	1,563,721	1,613,120
Total Net Assets	<u>\$7,374,641</u>	<u>\$7,217,857</u>	<u>\$565,673</u>	<u>\$674,254</u>	<u>\$7,940,314</u>	<u>\$7,892,111</u>

Although the increase in overall net assets for governmental activities was not significant, just 2 percent, there were a couple of changes worth noting. There was a decrease in current and other assets of almost \$769,000 which can be attributed to two primary factors. Cash and cash equivalents decreased almost \$700,000 due to increased costs during the fiscal year, primarily personnel related matters including severance payments for retiring employees and legal fees for contract negotiations. The receivable for property taxes decreased due to the decrease, and eventual elimination of, tangible personal property taxes. Current and other liabilities decreased approximately \$770,000 from the prior fiscal year. The liability for accrued wages decreased almost \$258,000 because retiring employees were not replaced as part of cost savings measures undertaken by the School District. There was also a decrease in the School District's claims liability as the School District discontinued the self insured programs for the medical insurance and prescription drugs in March 2008. Lastly, there was a decrease in deferred revenue which corresponds to the decrease in the receivable for tangible personal property taxes.

There was one fairly significant change from the prior fiscal year for business-type activities, which was due to resources owed to the General Fund by the Adult Education Fund for a short-term loan (an internal balance on the statement of net assets) provided to the Fund until fees could be collected from program participants.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets for fiscal year 2008 and fiscal year 2007.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues						
Charges for Services	\$15,640	\$10,354	\$1,421,355	\$1,515,325	\$1,436,995	\$1,525,679
Operating Grants, Contributions, and Interest	2,814,721	3,007,762	317,758	299,636	3,132,479	3,307,398
Total Program Revenues	2,830,361	3,018,116	1,739,113	1,814,961	4,569,474	4,833,077
General Revenues						
Property Taxes	4,188,778	4,286,842	0	0	4,188,778	4,286,842
Payment in Lieu of Taxes	0	260,586	0	0	0	260,586
Grants and Entitlements not Restricted to Specific Programs	4,347,489	3,895,066	0	0	4,347,489	3,895,066
Interest	72,962	117,637	0	0	72,962	117,637
Miscellaneous	88,913	48,067	71,124	56,914	160,037	104,981
Total General Revenues	8,698,142	8,608,198	71,124	56,914	8,769,266	8,665,112
Total Revenues	11,528,503	11,626,314	1,810,237	1,871,875	13,338,740	13,498,189
Expenses						
Instruction:						
Regular	219,179	215,454	0	0	219,179	215,454
Vocational	6,969,294	7,106,978	0	0	6,969,294	7,106,978
Adult/Continuing	14,705	18,000	0	0	14,705	18,000
Support Services:						
Pupils	769,978	693,071	0	0	769,978	693,071
Instructional Staff	388,865	661,451	0	0	388,865	661,451
Board of Education	218,282	77,645	0	0	218,282	77,645
Administration	936,790	1,001,176	0	0	936,790	1,001,176
Fiscal	388,072	359,349	0	0	388,072	359,349
Business	214,304	208,409	0	0	214,304	208,409
Operation of Maintenance of Plant	949,730	1,013,774	0	0	949,730	1,013,774
Pupil Transportation	16,133	13,785	0	0	16,133	13,785
Central	193,626	183,073	0	0	193,626	183,073
Non-Instructional Services	2,549	5,754	0	0	2,549	5,754
Extracurricular Activities	27,425	27,082	0	0	27,425	27,082
Interest and Fiscal Charges	12,787	14,985	0	0	12,787	14,985
Adult Education	0	0	1,392,864	1,304,140	1,392,864	1,304,140
Food Service	0	0	230,198	211,059	230,198	211,059
Uniform School Supplies	0	0	105,335	114,776	105,335	114,776
Rotary	0	0	240,421	358,292	240,421	358,292
Total Expenses	11,321,719	11,599,986	1,968,818	1,988,267	13,290,537	13,588,253

(continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Table 2
Change in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Increase (Decrease) in Net Assets Before Transfers	\$206,784	\$26,328	(\$158,581)	(\$116,392)	\$48,203	(\$90,064)
Transfers	(50,000)	(50,777)	50,000	50,777	0	0
Increase (Decrease) in Net Assets	156,784	(24,449)	(108,581)	(65,615)	48,203	(90,064)
Net Assets Beginning of Year	7,217,857	7,242,306	674,254	739,869	7,892,111	7,982,175
Net Assets End of Year	<u>\$7,374,641</u>	<u>\$7,217,857</u>	<u>\$565,673</u>	<u>\$674,254</u>	<u>\$7,940,314</u>	<u>\$7,892,111</u>

The above table demonstrates that both program revenues and general revenues for governmental activities remained very comparable to the prior fiscal year with no changes of significance. The overall change was less than 1 percent.

Like revenues, expenses were also very comparable to the prior fiscal year with a slight decrease of 2 percent. The major program expense for governmental activities will always be for instruction, which was 64 percent of all governmental expenses. Other programs which support the instruction process, including pupils and instructional staff, were 10 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 8 percent. Therefore, 82 percent of the School District's expenses are directly related to providing facilities and delivering education.

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

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction:				
Regular	\$219,179	\$215,454	\$219,179	\$215,454
Special	0	0	(528,750)	(622,234)
Vocational	6,969,294	7,106,978	4,704,971	4,737,131
Adult/Continuing	14,705	18,000	(3,295)	0

(continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Table 3
Governmental Activities
(continued)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Support Services:				
Pupils	\$769,978	\$693,071	\$751,450	\$685,472
Instructional Staff	388,865	661,451	388,865	661,451
Board of Education	218,282	77,645	218,282	77,645
Administration	936,790	1,001,176	936,790	1,001,176
Fiscal	388,072	359,349	388,072	359,349
Business	214,304	208,409	214,304	208,409
Operation and Maintenance of Plant	949,730	1,013,774	949,730	1,013,774
Pupil Transportation	16,133	13,785	16,133	13,785
Central	193,626	183,073	193,626	183,073
Non-Instructional Services	2,549	5,754	2,549	5,754
Extracurricular Activities	27,425	27,082	26,665	26,646
Interest and Fiscal Charges	12,787	14,985	12,787	14,985
Total Expenses	<u>\$11,321,719</u>	<u>\$11,599,986</u>	<u>\$8,491,358</u>	<u>\$8,581,870</u>

A review of the above table demonstrates that both the total cost of services and net cost of services remained very comparable for both fiscal years and, once again, 75 percent of program costs were provided for through general revenues (property taxes and unrestricted state entitlements). Note, however, that the special instruction program received program revenues in excess of program costs due to the receipt of State foundation monies. Program revenues provided for 32 percent of the costs of the vocational instruction program through operating grants and contributions restricted for such purposes. The adult/continuing program is provided for through charges for services.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The School District's only major governmental fund is the General Fund, which had an increase in fund balance of \$69,086, or 6 percent. Both revenues and expenditures had moderate increases from the prior fiscal year, 3 percent and 2 percent, respectively.

The School District's enterprise funds are accounted for using the accrual basis of accounting. The only major enterprise fund is the Adult Education fund. Again in fiscal year 2008, this fund experienced an operating loss. The fund has had operating losses over the past eight fiscal years. Over this eight year period, operations of the fund have been subsidized with transfers from the General Fund. These Board approved transfers will continue in the future, however, it is the expectation of the Board that increased enrollment due to new and expanded programming will reduce Adult Education's dependence on General Fund subsidies.

General Fund Budgeting Highlights

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

During fiscal year 2008, the School District amended its General Fund budget as needed. For revenues, changes from the original to final budget and from the final budget to actual revenues received were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$6,182,084 invested in capital assets (net of accumulated depreciation) for governmental activities, an increase of 1 percent from the prior fiscal year. This increase is the result of capital asset additions in excess of depreciation expense. Additions were routine additions of equipment.

The business-type activities had \$478,841 invested in capital assets (net of accumulated depreciation), an increase of less than 2 percent from the prior fiscal year. This increase is the result of capital asset additions in excess of depreciation expense. Additions were routine additions of equipment.

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

Debt

At June 30, 2008, the School District had an outstanding school facilities loan, in the amount of \$110,100, (the proceeds of which were used to construct a science wing), energy conservation general obligation bonds, in the amount of \$88,000, and capital leases, in the amount of \$121,540, for governmental activities.

Business-type activities had an outstanding capital lease, in the amount of \$45,388.

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

Current Issues

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Terril Cimino, 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, 2008**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$791,216	\$289,480	\$1,080,696
Accounts Receivable	30,165	47,661	77,826
Accrued Interest Receivable	9,699	0	9,699
Intergovernmental Receivable	109,700	81,076	190,776
Internal Balances	207,643	(207,643)	0
Prepaid Items	4,417	1,273	5,690
Inventory Held for Resale	0	809	809
Materials and Supplies Inventory	63,520	290	63,810
Property Taxes Receivable	4,181,999	0	4,181,999
Payment in Lieu of Taxes Receivable	211,970	0	211,970
Nondepreciable Capital Assets	241,082	0	241,082
Depreciable Capital Assets, Net	5,941,002	478,841	6,419,843
Total Assets	<u>11,792,413</u>	<u>691,787</u>	<u>12,484,200</u>
<u>Liabilities:</u>			
Accounts Payable	244,509	12,869	257,378
Accrued Wages and Benefits Payable	603,070	31,410	634,480
Intergovernmental Payable	158,928	35,120	194,048
Accrued Interest Payable	137	0	137
Claims Payable	38,601	0	38,601
Deferred Revenue	2,755,375	0	2,755,375
Long-Term Liabilities:			
Due Within One Year	110,984	11,930	122,914
Due in More Than One Year	506,168	34,785	540,953
Total Liabilities	<u>4,417,772</u>	<u>126,114</u>	<u>4,543,886</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	5,862,444	433,453	6,295,897
Restricted For:			
Debt Service	116	0	116
Early Learning Initiative	52,753	0	52,753
Other Purposes	27,827	0	27,827
Unrestricted	1,431,501	132,220	1,563,721
Total Net Assets	<u>\$7,374,641</u>	<u>\$565,673</u>	<u>\$7,940,314</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, 2008**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$219,179	\$0	\$0
Special	0	0	528,750
Vocational	6,969,294	14,880	2,249,443
Adult/Continuing	14,705	0	18,000
Support Services:			
Pupils	769,978	0	18,528
Instructional Staff	388,865	0	0
Board of Education	218,282	0	0
Administration	936,790	0	0
Fiscal	388,072	0	0
Business	214,304	0	0
Operation and Maintenance of Plant	949,730	0	0
Pupil Transportation	16,133	0	0
Central	193,626	0	0
Non-Instructional Services	2,549	0	0
Extracurricular Activities	27,425	760	0
Interest and Fiscal Charges	12,787	0	0
Total Governmental Activities	<u>11,321,719</u>	<u>15,640</u>	<u>2,814,721</u>
<u>Business-Type Activities:</u>			
Adult Education	<u>1,392,864</u>	<u>992,156</u>	<u>193,486</u>
Other Enterprise Funds			
Food Service	230,198	133,717	106,788
Uniform School Supplies	105,335	103,039	0
Rotary Programs	<u>240,421</u>	<u>192,443</u>	<u>17,484</u>
Total Other Enterprise Funds	<u>575,954</u>	<u>429,199</u>	<u>124,272</u>
Total Business-Type Activities	<u>1,968,818</u>	<u>1,421,355</u>	<u>317,758</u>
Total	<u><u>\$13,290,537</u></u>	<u><u>\$1,436,995</u></u>	<u><u>\$3,132,479</u></u>

General Revenues:

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

Transfers
Total General Revenues and Transfers

Change in Net Assets

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

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$219,179)	\$0	(\$219,179)
528,750	0	528,750
(4,704,971)	0	(4,704,971)
3,295	0	3,295
(751,450)	0	(751,450)
(388,865)	0	(388,865)
(218,282)	0	(218,282)
(936,790)	0	(936,790)
(388,072)	0	(388,072)
(214,304)	0	(214,304)
(949,730)	0	(949,730)
(16,133)	0	(16,133)
(193,626)	0	(193,626)
(2,549)	0	(2,549)
(26,665)	0	(26,665)
(12,787)	0	(12,787)
<u>(8,491,358)</u>	<u>0</u>	<u>(8,491,358)</u>
0	(207,222)	(207,222)
0	10,307	10,307
0	(2,296)	(2,296)
0	(30,494)	(30,494)
0	(22,483)	(22,483)
0	(229,705)	(229,705)
<u>(8,491,358)</u>	<u>(229,705)</u>	<u>(8,721,063)</u>
4,188,778	0	4,188,778
4,347,489	0	4,347,489
72,962	0	72,962
6,000	0	6,000
82,913	71,124	154,037
<u>8,698,142</u>	<u>71,124</u>	<u>8,769,266</u>
(50,000)	50,000	0
<u>8,648,142</u>	<u>121,124</u>	<u>8,769,266</u>
156,784	(108,581)	48,203
7,217,857	674,254	7,892,111
<u>\$7,374,641</u>	<u>\$565,673</u>	<u>\$7,940,314</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$681,144	\$86,939	\$768,083
Accounts Receivable	26,810	3,233	30,043
Accrued Interest Receivable	9,699	0	9,699
Intergovernmental Receivable	2,148	107,552	109,700
Interfund Receivable	300,108	0	300,108
Prepaid Items	4,417	0	4,417
Materials and Supplies Inventory	63,520	0	63,520
Property Taxes Receivable	4,181,999	0	4,181,999
Payment in Lieu of Taxes Receivable	211,970	0	211,970
Total Assets	<u>\$5,481,815</u>	<u>\$197,724</u>	<u>\$5,679,539</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$239,341	\$5,168	\$244,509
Accrued Wages and Benefits Payable	603,070	0	603,070
Intergovernmental Payable	158,828	100	158,928
Interfund Payable	100	120,914	121,014
Deferred Revenue	3,303,256	9,067	3,312,323
Total Liabilities	<u>4,304,595</u>	<u>135,249</u>	<u>4,439,844</u>
<u>Fund Balances:</u>			
Reserved for Property Taxes	1,104,152	0	1,104,152
Reserved for Encumbrances	341,981	42,541	384,522
Unreserved, Reported in:			
General Fund (Deficit)	(268,913)	0	(268,913)
Special Revenue Funds	0	19,681	19,681
Debt Service Fund	0	253	253
Total Fund Balances	<u>1,177,220</u>	<u>62,475</u>	<u>1,239,695</u>
Total Liabilities and Fund Balances	<u>\$5,481,815</u>	<u>\$197,724</u>	<u>\$5,679,539</u>

See Accompanying Notes to the Basic Financial Statements

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008**

Total Governmental Fund Balances	\$1,239,695
----------------------------------	-------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,182,084
---	-----------

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

Accounts Receivable	15,303	
Accrued Interest Receivable	9,699	
Intergovernmental Receivable	10,822	
Property Taxes Receivable	309,154	
Payment in Lieu of Taxes Receivable	211,970	
		556,948

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.	28,549
---	--------

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

Accrued Interest Payable	(137)	
School Facilities Loan Payable	(110,100)	
General Obligation Bonds Payable	(88,000)	
Compensated Absences Payable	(297,512)	
Capital Leases Payable	(121,540)	
		(617,289)

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.	(15,346)
---	----------

Net Assets of Governmental Activities	<u><u>\$7,374,641</u></u>
---------------------------------------	---------------------------

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$4,228,971	\$0	\$4,228,971
Payment in Lieu of Taxes	12,568	0	12,568
Intergovernmental	6,472,183	732,934	7,205,117
Interest	75,796	91	75,887
Tuition and Fees	7,502	0	7,502
Extracurricular Activities	760	0	760
Rent	7,047	0	7,047
Gifts and Donations	7,666	11,183	18,849
Miscellaneous	74,381	2,725	77,106
Total Revenues	<u>10,886,874</u>	<u>746,933</u>	<u>11,633,807</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	214,955	0	214,955
Vocational	6,724,879	305,993	7,030,872
Adult/Continuing	0	14,705	14,705
Support Services:			
Pupils	642,112	91,531	733,643
Instructional Staff	274,849	142,312	417,161
Board of Education	218,282	0	218,282
Administration	882,387	46,531	928,918
Fiscal	377,022	0	377,022
Business	205,698	0	205,698
Operation and Maintenance of Plant	917,689	0	917,689
Pupil Transportation	12,700	0	12,700
Central	88,597	91,467	180,064
Non-Instructional Services	2,549	0	2,549
Extracurricular Activities	27,425	0	27,425
Capital Outlay	21,487	0	21,487
Debt Service:			
Principal Retirement	26,093	66,021	92,114
Interest and Fiscal Charges	6,811	6,044	12,855
Total Expenditures	<u>10,643,535</u>	<u>764,604</u>	<u>11,408,139</u>
Excess of Revenues Over (Under) Expenditures	<u>243,339</u>	<u>(17,671)</u>	<u>225,668</u>
<u>Other Financing Sources (Uses):</u>			
Inception of Capital Lease	98,581	0	98,581
Transfers In	0	72,834	72,834
Transfers Out	(272,834)	0	(272,834)
Total Other Financing Sources (Uses)	<u>(174,253)</u>	<u>72,834</u>	<u>(101,419)</u>
Changes in Fund Balances	69,086	55,163	124,249
Fund Balances at Beginning of Year - Restated (See Note 3)	<u>1,108,134</u>	<u>7,312</u>	<u>1,115,446</u>
Fund Balances at End of Year	<u>\$1,177,220</u>	<u>\$62,475</u>	<u>\$1,239,695</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, 2008**

Changes in Fund Balances - Total Governmental Funds \$124,249

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 capital outlay exceeded depreciation in the current fiscal year:

Capital Outlay	390,087	
Depreciation	<u>(274,651)</u>	115,436

The cost of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (37,895)

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

Property Taxes	(40,193)	
Payment in Lieu of Taxes	(12,568)	
Intergovernmental	(58,572)	
Interest	(10,748)	
Rent	331	
Miscellaneous	<u>8,532</u>	(113,218)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 92,114

The termination of a capital lease is not reflected in the governmental funds but the termination reduces long-term liabilities on the statement of net assets. 37,551

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net assets. 68

The inception of a capital lease is reported as an other financing source in governmental funds but increases long-term liabilities on the statement of net assets. (98,581)

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

Separation Benefits Payable	20,000	
Compensated Absences Payable	<u>46,590</u>	66,590

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	7,914	
Transfers In	150,000	
Allocated to Activities	<u>(187,444)</u>	

Change in Net Assets of Governmental Activities \$156,784

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Revenues:</u>				
Property Taxes	\$4,099,152	\$4,072,705	\$4,076,186	\$3,481
Payment in Lieu of Taxes	24,308	24,308	24,308	0
Intergovernmental	6,587,034	6,595,070	6,472,183	(122,887)
Interest	90,000	90,000	79,034	(10,966)
Tuition and Fees	0	7,502	7,502	0
Extracurricular Activities	330	850	806	(44)
Rent	11,500	11,500	8,357	(3,143)
Gifts and Donations	900	1,700	7,666	5,966
Miscellaneous	19,250	12,028	23,708	11,680
Total Revenues	<u>10,832,474</u>	<u>10,815,663</u>	<u>10,699,750</u>	<u>(115,913)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	262,145	229,969	221,540	8,429
Vocational	7,219,489	7,193,158	7,150,408	42,750
Support Services:				
Pupils	665,818	670,313	663,973	6,340
Instructional Staff	426,538	368,148	338,639	29,509
Board of Education	91,450	202,100	200,077	2,023
Administration	803,887	941,576	929,235	12,341
Fiscal	364,491	378,729	376,534	2,195
Business	252,379	281,041	274,142	6,899
Operation and Maintenance of Plant	1,105,654	1,039,572	995,281	44,291
Pupil Transportation	22,540	19,436	12,770	6,666
Central	80,661	100,172	99,349	823
Non-Instructional Services	5,520	2,165	2,165	0
Extracurricular Activities	27,287	27,889	27,519	370
Capital Outlay	24,670	24,270	24,084	186
Total Expenditures	<u>11,352,529</u>	<u>11,478,538</u>	<u>11,315,716</u>	<u>162,822</u>
Excess of Revenues				
Under Expenditures	<u>(520,055)</u>	<u>(662,875)</u>	<u>(615,966)</u>	<u>46,909</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	40,000	40,000	39,953	(47)
Advances In	88,006	88,006	89,890	1,884
Advances Out	(90,000)	(300,000)	(299,423)	577
Transfers Out	(99,181)	(272,215)	(272,181)	34
Total Other Financing Sources (Uses)	<u>(61,175)</u>	<u>(444,209)</u>	<u>(441,761)</u>	<u>2,448</u>
Changes in Fund Balance	(581,230)	(1,107,084)	(1,057,727)	49,357
Fund Balance at Beginning of Year	545,525	545,525	545,525	0
Prior Year Encumbrances Appropriated	618,134	618,134	618,134	0
Fund Balance at End of Year	<u>\$582,429</u>	<u>\$56,575</u>	<u>\$105,932</u>	<u>\$49,357</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, 2008**

	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	\$78,250	\$211,230	\$289,480	\$23,133
Accounts Receivable	18,221	29,440	47,661	122
Intergovernmental Receivable	74,440	6,636	81,076	0
Interfund Receivable	0	1,591	1,591	0
Prepaid Items	962	311	1,273	0
Inventory Held for Resale	0	809	809	0
Materials and Supplies Inventory	0	290	290	0
Total Current Assets	171,873	250,307	422,180	23,255
<u>Non-Current Assets:</u>				
Depreciable Capital Assets, Net	378,118	100,723	478,841	0
Total Assets	549,991	351,030	901,021	23,255
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	8,365	4,504	12,869	0
Accrued Wages and Benefits Payable	13,730	17,680	31,410	0
Intergovernmental Payable	24,389	10,731	35,120	0
Interfund Payable	180,365	320	180,685	0
Compensated Absences Payable	1,008	0	1,008	0
Capital Leases Payable	10,922	0	10,922	0
Claims Payable	0	0	0	38,601
Total Current Liabilities	238,779	33,235	272,014	38,601
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	319	0	319	0
Capital Leases Payable	34,466	0	34,466	0
Total Non-Current Liabilities	34,785	0	34,785	0
Total Liabilities	273,564	33,235	306,799	38,601
<u>Net Assets:</u>				
Invested in Capital Assets, Net of Related Debt	332,730	100,723	433,453	0
Unrestricted (Deficit)	(56,303)	217,072	160,769	(15,346)
Total Net Assets (Deficit)	\$276,427	\$317,795	594,222	(\$15,346)

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.

	(28,549)
Net assets of business-type activities	\$565,673

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, 2008**

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise	Total Enterprise Funds	Activity Internal Service Fund
<u>Operating Revenues:</u>				
Sales	\$0	\$429,199	\$429,199	\$0
Charges for Services	992,156	0	992,156	1,990,844
Other Operating Revenues	79,780	18,870	98,650	269,176
Total Operating Revenues	<u>1,071,936</u>	<u>448,069</u>	<u>1,520,005</u>	<u>2,260,020</u>
<u>Operating Expenses:</u>				
Salaries	771,165	138,499	909,664	0
Fringe Benefits	384,748	75,713	460,461	0
Purchased Services	50,536	9,659	60,195	457,173
Materials and Supplies	126,759	107,504	234,263	0
Cost of Sales	0	231,834	231,834	0
Claims	0	0	0	2,015,851
Depreciation	21,802	4,310	26,112	0
Other Operating Expenses	19,145	0	19,145	0
Total Operating Expenses	<u>1,374,155</u>	<u>567,519</u>	<u>1,941,674</u>	<u>2,473,024</u>
Operating Loss	<u>(302,219)</u>	<u>(119,450)</u>	<u>(421,669)</u>	<u>(213,004)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Federal Donated Commodities	0	8,050	8,050	0
Operating Grants	163,486	113,228	276,714	0
Contributions	0	600	600	0
Gain on Disposal of Capital Assets	2,474	0	2,474	0
Interest Revenue	0	2,394	2,394	7,914
Interest Expense	(1,584)	0	(1,584)	0
Total Non-Operating Revenues (Expenses)	<u>164,376</u>	<u>124,272</u>	<u>288,648</u>	<u>7,914</u>
Income (Loss) Before Transfers	(137,843)	4,822	(133,021)	(205,090)
Transfers In	50,000	0	50,000	150,000
Changes in Net Assets	(87,843)	4,822	(83,021)	(55,090)
Net Assets at Beginning of Year	364,270	312,973		39,744
Net Assets (Deficit) at End of Year	<u>\$276,427</u>	<u>\$317,795</u>		<u>(\$15,346)</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 loss of the internal service fund.

	(25,560)
Change in net assets of business-type activities	(\$108,581)

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, 2008**

	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	\$943,330	\$443,123	\$1,386,453	\$0
Cash Received from Transactions with Other Funds	0	0	0	1,990,844
Cash Received from Other Revenues	81,997	18,870	100,867	269,375
Cash Payments for Salaries	(784,079)	(144,730)	(928,809)	0
Cash Payments for Fringe Benefits	(385,731)	(95,620)	(481,351)	0
Cash Payments for Goods and Services	(171,102)	(334,545)	(505,647)	(457,173)
Cash Payments for Claims	0	0	0	(2,184,922)
Cash Payments for Other Expenses	(18,102)	0	(18,102)	0
Net Cash Used for Operating Activities	<u>(333,687)</u>	<u>(112,902)</u>	<u>(446,589)</u>	<u>(381,876)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Cash Received from Operating Grants	163,542	122,822	286,364	0
Cash Received from Operating Contributions	0	600	600	0
Cash Received from Transfers In	50,000	0	50,000	150,000
Cash Received from Advances In	180,000	0	180,000	0
Cash Payments from Advances Out	0	(2,537)	(2,537)	0
Net Cash Provided by Noncapital Financing Activities	<u>393,542</u>	<u>120,885</u>	<u>514,427</u>	<u>150,000</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Cash Payments for Lease Principal	(8,619)	0	(8,619)	0
Cash Payments for Lease Interest	(1,584)	0	(1,584)	0
Net Cash Used for Capital and Related Financing Activities	<u>(10,203)</u>	<u>0</u>	<u>(10,203)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>				
Cash Received from Interest	0	2,394	2,394	7,914
Net Increase (Decrease) in Cash and Cash Equivalents	49,652	10,377	60,029	(223,962)
Cash and Cash Equivalents at Beginning of Year	28,598	200,853	229,451	247,095
Cash and Cash Equivalents at End of Year	<u>\$78,250</u>	<u>\$211,230</u>	<u>\$289,480</u>	<u>\$23,133</u>
<u>Reconciliation of Operating Loss</u>				
<u>to Net Cash Used for Operating Activities:</u>				
Operating Loss	(\$302,219)	(\$119,450)	(\$421,669)	(\$213,004)
<u>Adjustments to Reconcile Operating Loss</u>				
<u>to Net Cash Used for Operating Activities:</u>				
Depreciation	21,802	4,310	26,112	0
Donated Commodities Received During Year	0	8,050	8,050	0
<u>Changes in Assets and Liabilities:</u>				
(Increase) Decrease in Accounts Receivable	(3,633)	10,304	6,671	199
(Increase) Decrease in Intergovernmental Receivable	(43,111)	5,211	(37,900)	0
(Increase) Decrease in Interfund Receivable	335	(1,591)	(1,256)	0
(Increase) Decrease in Prepaid Items	(62)	43	(19)	0
Decrease in Inventory Held for Resale	0	2,070	2,070	0
Decrease in Materials and Supplies Inventory	0	179	179	0
Increase in Accounts Payable	6,437	3,774	10,211	0
Increase (Decrease) in Accrued Wages and Benefits Payable	2,390	(2,035)	355	0
Decrease in Intergovernmental Payable	(3,336)	(21,605)	(24,941)	0
Increase in Interfund Payable	165	320	485	0
Decrease in Claims Payable	0	0	0	(169,071)
Decrease in Compensated Absences Payable	(12,455)	(2,482)	(14,937)	0
Net Cash Used for Operating Activities	<u>(\$333,687)</u>	<u>(\$112,902)</u>	<u>(\$446,589)</u>	<u>(\$381,876)</u>

Non-Cash Transactions

During fiscal year 2008, the Food Service enterprise fund received donated commodities in the amount of \$8,050.

During fiscal year 2008, the Adult Education enterprise fund entered into a new capital lease for equipment. This lease has been capitalized in the fund in the amount of \$52,705.

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

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$78,753	\$18,561
Notes Receivable	2,702	0
Total Assets	<u>81,455</u>	<u>\$18,561</u>
 <u>Liabilities:</u>		
Undistributed Assets	0	\$2,843
Due to Students	0	15,718
Total Liabilities	<u>0</u>	<u>\$18,561</u>
 <u>Net Assets:</u>		
Held in Trust for Scholarships	31,204	
Endowments	50,251	
Total Net Assets	<u>\$81,455</u>	

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Additions:</u>	
Interest	\$2,177
Gifts and Donations	23,575
Miscellaneous	160
Total Additions	<u>25,912</u>
 <u>Deductions:</u>	
Non-Instructional Services	<u>250</u>
 Change in Net Assets	 25,662
 Net Assets Beginning of Year	 <u>55,793</u>
Net Assets End of Year	<u><u>\$81,455</u></u>

See Accompanying Notes to the Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1974. The School District serves Marion and the surrounding counties. It is staffed by thirty-seven classified employees, seventy-three certified teaching personnel, and seven administrative employees who provide services to seven hundred twelve 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, Ohio School Benefits Cooperative, and Ohio School Boards Association Workers' Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(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.

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:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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 services offered to the public through the vocational programs.

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

Fiduciary Funds

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

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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, payments in lieu of taxes, grants, interest, student fees, and rent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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 2008, the School District invested in nonnegotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

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 2008, was \$75,796, which includes \$7,615 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	10 years
Buildings and Building Improvements	20 - 65 years
Furniture, Fixtures, and Equipment	4 - 30 years
Vehicles	10 years

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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. As of June 30, 2008, the School District did not have any net assets restricted by enabling legislation.

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

N. Fund Balance Reserves

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

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

O. Operating Revenues and Expenses

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

P. Interfund Transactions

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

Q. Estimates

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

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

A. Changes in Accounting Principles

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this statement for the State Teachers Retirement System postemployment healthcare plan, in the amount of \$7,989, which is the same as the previously reported liability.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Restatement of Fund Balance/Net Assets

In the prior fiscal year, the receivable for payment in lieu of taxes was not recorded. However, a long-term receivable should be shown for the entire expected future receipts from the payments in lieu of taxes on the government-wide financial statements, and a receivable for amounts collected within the available period should be shown on the fund financial statements. Therefore, this resulted in the following restatement of net assets for Governmental Activities and a restatement of fund balance for the General Fund at June 20, 2007:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

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

	General	Other Governmental	Total Governmental Activities
Fund Balance June 30, 2007	\$1,096,394	\$7,312	\$1,103,706
Payment in Lieu of Taxes Receivable	11,740	0	11,740
Adjusted Fund Balance at June 30, 2007	\$1,108,134	\$7,312	\$1,115,446
		Governmental Activities	
Net Assets at June 30, 2007		\$6,981,579	
Payment in Lieu of Taxes Receivable		236,278	
Restated Net Assets at June 30, 2007		\$7,217,857	

Note 4 - Accountability

At June 30, 2008, the Student Assistance, Miscellaneous State Grants, VEPD, REAP, and School Resource Officer special revenue funds had deficit fund balances, in the amount of \$216, \$554, \$5,093, \$1,141, \$9,658, respectively. These deficit fund balances resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Self-Insurance internal service fund had deficit net assets, in the amount of \$15,346, due to claims and administration expenses exceeding premiums being charged. The School District continues to monitor premiums to determine if increases need to be made.

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, 2008
(Continued)**

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

Changes in Fund Balance	
GAAP Basis	\$69,086
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2007, Received in Cash FY 2008	987,557
Accrued FY 2008, Not Yet Received in Cash	(1,130,055)
Expenditure Accruals:	
Accrued FY 2007, Paid in Cash FY 2008	(1,252,098)
Accrued FY 2008, Not Yet Paid in Cash	1,001,339
Cash Adjustments:	
Unrecorded Cash Activity FY 2007	(2,493)
Unrecorded Cash Activity FY 2008	(2,180)
Prepaid Items	\$44,330
Materials and Supplies Inventory	8,699
Transfers In	653
Advances In	89,890
Advances Out	(299,423)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(573,032)
Budget Basis	<u><u>(\$1,057,727)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 6 - Deposits and Investments (continued)

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$840,463 of the School District's bank balance of \$1,198,698 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 6 - Deposits and Investments (continued)

Investments

As of June 30, 2008, the School District had the following investments:

	Fair Value	Maturity
Federal National Mortgage Association Bonds	\$75,987	5/15/09
Federal Home Loan Mortgage Corporation Notes	100,959	12/19/08
Mutual Funds	8,822	average 65 days
STAR Ohio	55,816	average 53.8 days
	\$241,584	

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

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

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

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$75,987	31.45%
Federal Home Loan Mortgage Corporation	100,959	41.79

Note 7 - Receivables

Receivables at June 30, 2008, consisted of accounts (rent, billings for user charged services, and student fees), accrued interest, intergovernmental, interfund, property taxes, payment in lieu of taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes, payment in lieu of taxes, and a portion of notes, are considered collectible within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes, in the amount of \$187,662, will not be received within one year. Notes receivable, representing loans made to students for higher education, are repaid according to payment schedules made with the various students.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 7 - Receivables (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	\$2,148
Other Governmental Funds	
Early Childhood Education	85,262
Miscellaneous State Grants	2,500
VEPD	1,908
Early Learning Initiative	11,065
REAP	1,141
School Resource Officer	5,676
Total Other	107,552
Total Governmental Activities	\$109,700
	Amount
Business-Type Activities	
Adult Education	\$74,440
Other Enterprise Funds	
Food Service	4,570
Rotary	2,066
Total Other Enterprise Funds	6,636
Total Business-Type Activities	\$81,076

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 8 - Property Taxes (continued)

Public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, 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 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after October 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent and will be zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, this settlement was not received by the School District within fiscal year 2008.

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, 2008, are available to finance fiscal year 2008 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 settlements and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008, 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 settlements 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, 2008, was \$1,104,152 in the General Fund. The amount available as an advance at June 30, 2007, was \$943,917 in the General Fund.

The amount for the late personal property tax settlements made by the counties for fiscal years 2008 and 2007, were \$13,318 and \$20,768, 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, 2008
(Continued)**

Note 8 - Property Taxes (continued)

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,418,176,680	88.64%	\$1,525,036,000	91.44%
Public Utility	90,391,150	5.65	91,681,590	5.50
Tangible Personal	91,317,825	5.71	51,055,745	3.06
Total Assessed Value	<u>\$1,599,885,655</u>	<u>100.00%</u>	<u>\$1,667,773,335</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

Note 9 - Payment in Lieu of Taxes

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$241,082	\$0	\$0	\$241,082
Depreciable Capital Assets				
Land Improvements	412,591	0	0	412,591
Buildings and Building Improvements	8,866,991	0	0	8,866,991
Furniture, Fixtures, and Equipment	662,515	390,087	(79,083)	973,519
Vehicles	44,590	0	0	44,590
Total Depreciable Capital Assets	9,986,687	390,087	(79,083)	10,297,691
Less Accumulated Depreciation				
Land Improvements	(201,764)	(41,259)	0	(243,023)
Buildings and Building Improvements	(3,537,915)	(174,171)	0	(3,712,086)
Furniture, Fixtures, and Equipment	(363,731)	(54,762)	41,188	(377,305)
Vehicles	(19,816)	(4,459)	0	(24,275)
Total Accumulated Depreciation	(4,123,226)	(274,651)	41,188	(4,356,689)
Depreciable Capital Assets, Net	5,863,461	115,436	(37,895)	5,941,002
Governmental Activities				
Capital Assets, Net	\$6,104,543	\$115,436	(\$37,895)	\$6,182,084
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$780,832	\$0	\$0	\$780,832
Furniture, Fixtures, and Equipment	60,383	52,705	(39,452)	73,636
Total Depreciable Capital Assets	841,215	52,705	(39,452)	854,468
Less Accumulated Depreciation				
Buildings and Building Improvements	(334,414)	(14,478)	0	(348,892)
Furniture, Fixtures, and Equipment	(35,649)	(11,634)	20,548	(26,735)
Total Accumulated Depreciation	(370,063)	(26,112)	20,548	(375,627)
Business-Type Activities				
Capital Assets, Net	\$471,152	\$26,593	(\$18,904)	\$478,841

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$214,192
Support Services:	
Pupils	1,608
Instructional Staff	4,415
Administration	7,844
Fiscal	1,608
Business	4,826
Operation and Maintenance of Plant	23,163
Pupil Transportation	3,433
Central	13,562
Total Depreciation Expense	\$274,651

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 10 - Capital Assets (continued)

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	\$3,217
Rotary	1,093
	\$4,310

Note 11 - Interfund Assets/Liabilities

Interfund balances at June 30, 2008, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Other Governmental Funds	
Student Assistance	\$4,158
Eighth Grade Tours	2,754
EMIS	405
Early Childhood Education	85,262
Miscellaneous State Grants	2,500
VEPD	10,590
REAP	1,141
School Resource Officer	12,613
Adult Education	180,365
Other Enterprise Fund	
Food Service	320
	\$300,108

Due to Other Enterprise Funds from:

Early Learning Initiative	\$1,491
General	100
	\$1,591

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 12 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted for the following insurance coverage:

Coverage provided by the Ohio School Plan:

Buildings and Contents - replacement cost	\$32,844,710
Computers	1,039,579
Auto Liability	2,000,000
General Liability	
Each Occurrence	1,000,000
Aggregate	3,000,000
Excess Liability	2,000,000

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

For fiscal year 2008, 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 2008, the School District participated in the Ohio School Benefits Cooperative (OSBC), a claims servicing and insurance purchasing pool. The School District participates in the insurance purchasing program for health insurance. In this program, the participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to OSBC based on the types and limits of coverage and deductibles selected by the participant.

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 12 - Risk Management (continued)

The School District offers 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. 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, 2008, was based on actual claims paid in fiscal year 2009 in the amount of \$38,601.

As of March 1, 2008, the School District was no longer self-insured for medical and prescription drug coverage.

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

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2008	\$207,672	\$2,015,851	\$2,184,922	\$38,601
2007	233,410	2,133,276	2,159,014	207,672

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

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

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 was \$654,669, \$622,083, and \$619,177 respectively; 84 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DCP and CP for fiscal year 2008 were \$88 made by the School District and \$15,894 made by the plan members.

B. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 was \$106,137, \$138,082, and \$116,397 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, 2008, eight of the Board of Education members has selected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$50,366, \$47,853, and \$47,629, respectively; 84 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 14 - Postemployment Benefits (continued)

B. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2008, this amount was \$66,622.

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

The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$48,434, \$45,843, and \$40,620 respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2008, this actuarially required allocation was .66 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 was \$7,647, \$9,390, and \$9,264 respectively; 100 percent has been contributed for all three fiscal years.

Note 15 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifty-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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 15 - Other Employee Benefits (continued)

B. Health Care Benefits

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

C. Separation Benefits

The School District offers a separation benefit of \$10,000 to teachers under the TREA Bargaining Unit who retire during the summer of their first year of eligibility or who retire during the summer after they first attain 30 years of STRS service credit at any age. At June 30, 2007, the liability for separation benefits was \$20,000. During fiscal year 2008, the School District had additional separation benefits of \$20,000 and paid separation benefits of \$40,000. At June 30, 2008, there was no liability for separation benefits.

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08	Amounts Due Within One Year
Governmental Activities					
General Obligations					
School Facilities Loan FY 1999 0.00%	\$132,121	\$0	\$22,021	\$110,100	\$22,021
General Obligation Bonds FY 2000 5.60%	132,000	0	44,000	88,000	44,000
Total General Long-Term Obligations	264,121	0	66,021	198,100	66,021
Compensated Absences Payable	344,102	116,864	163,454	297,512	15,260
Capital Leases Payable	86,603	98,581	63,644	121,540	29,703
Total Governmental Activities Long-Term Obligations	\$694,826	\$215,445	\$293,119	\$617,152	110,984
	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08	Amounts Due Within One Year
Business-Type Activities					
Compensated Absences Payable	\$16,264	\$0	\$14,937	\$1,327	\$1,008
Capital Leases Payable	22,680	52,705	29,997	45,388	10,922
Total Business-Type Activities Long-Term Obligations	\$38,944	\$52,705	\$44,934	\$46,715	\$11,930

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 16 - Long-Term Obligations (continued)

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

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

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

The School District's overall debt margin was \$137,777,911 with an unvoted debt margin of \$1,532,086 at June 30, 2008.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2008, were as follows:

Fiscal Year	Principal	Interest	Total
2009	\$66,021	\$3,696	\$69,717
2010	66,021	1,232	67,253
2011	22,021	0	22,021
2012	22,021	0	22,021
2013	22,016	0	22,016
	\$198,100	\$4,928	\$203,028

Note 17 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Vocational" and "Inception of Capital Lease" in the funds which will be making the lease payments. Principal payments in 2008 were \$26,093 for governmental funds and \$8,619 for enterprise funds. During fiscal year 2008, capital leases were terminated from both governmental and enterprise funds which resulted in a reduction in the capital lease liability of \$37,551 for governmental funds and \$21,378 for enterprise funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 17 - Capital Leases - Lessee Disclosure (continued)

	Governmental Activities	Business-Type Activities
Equipment under Capital Lease	\$149,301	\$52,705
Less Accumulated Depreciation	(34,277)	(10,541)
Total June 30, 2008	\$115,024	\$42,164

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, 2008.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$29,703	\$6,729	\$10,922	\$1,570
2010	30,258	4,598	10,465	1,066
2011	29,114	2,675	10,847	684
2012	21,345	1,254	11,243	288
2013	11,120	171	1,911	9
Total	\$121,540	\$15,427	\$45,388	\$3,617

Note 18 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2008.

	Textbooks	Capital Improvements
Balance June 30, 2007	(\$2,233,924)	\$0
Current Year Set Aside Requirement	111,307	111,307
Qualifying Expenditures	(1,040,641)	(111,307)
Balance June 30, 2008	\$0	\$0
Amount Carried Forward to Fiscal Year 2009	(\$3,163,258)	\$0

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 19 - Interfund Transfers

During fiscal year 2008, the General Fund made transfers to other governmental funds, in the amount of \$72,834, 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 Internal Service Fund also received a transfer from the General Fund, in the amount of \$150,000, for the payment of claims.

Note 20 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$31,204 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

Note 21 - Jointly Governed Organization

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Crawford, Delaware, Knox, Marion, Morrow, 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 2008, the School District paid \$46,966 to TRECA for various services. Financial information can be obtained from TRECA, 100 Executive Drive, Marion, Ohio 43302.

Note 22 - Insurance Pools

A. Ohio School Plan

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2008
(Continued)**

Note 22 - Insurance Pools (continued)

B. Ohio School Benefits Cooperative

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

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

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

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

Note 23 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

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

Note 24 - Subsequent Event

In November 2008, the School District renewed a 1 mill five-year operating levy that generates approximately \$1 million.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed Through Ohio Department of Education:</i>					
Food Donation	10.550	\$ -	\$ 4,682	\$ -	\$ 4,682
Nutrition Cluster:					
School Breakfast Program	10.553	19,504	-	19,504	-
National School Lunch Program	10.555	78,169	-	78,169	-
Total Nutrition Cluster		97,673	-	97,673	-
Child and Adult Care Food Program	10.558	21,940	-	21,940	-
Total U.S. Department of Agriculture		119,613	4,682	119,613	4,682
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Student Financial Assistance Cluster:</i>					
Federal Pell Grant Program	84.063	155,341	-	155,341	-
Federal Family Education Loans	84.032	181,548	-	181,548	-
Total Student Financial Assistance Cluster		336,889	-	336,889	-
Rural Education	84.358	52,280	-	52,280	-
<i>Passed Through the Ohio Department of Education:</i>					
Safe and Drug-Free Schools and Communities State Grants	84.186	2,267	-	1,324	-
State Grants for Innovative Programs	84.298	1,589	-	1,589	-
Improving Teacher Quality State Grants	84.367	5,503	-	4,133	-
Vocational Education Basic Grants to States	84.048	344,153	-	279,018	-
<i>Passed Through Madison Local School District:</i>					
Vocational Education Basic Grants to States	84.048	33,716	-	37,824	-
Total Vocational Education Basic Grants to States		377,869	-	316,842	-
Total U.S. Department of Education		776,397	-	713,057	-
<u>U.S. DEPARTMENT OF JUSTICE</u>					
<i>Passed Through the Ohio Department of Public Safety:</i>					
Edward Byrne Justice Assistance Grant Formula Program	16.738	4,379	-	4,379	-
Total U.S. Department of Justice		4,379	-	4,379	-
TOTAL FEDERAL AWARDS		\$ 900,389	\$ 4,682	\$ 837,049	\$ 4,682

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

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated April 23, 2009.

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

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

Mary Taylor, CPA
Auditor of State

April 23, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Tri-Rivers Joint Vocational School District, Marion County, Ohio, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008. In a separate letter to the District's management dated April 23, 2009, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

April 23, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 84.048 – Vocational Education Basic Grants to States <u>Student Financial Assistance Cluster</u> CFDA #84.032 – Federal Family Education Loans CFDA #84.063 – Federal Pell Grant Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 4, 2009