



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2013



Dave Yost • Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
General Purpose External Financial Statements:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position 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 Position – Enterprise Funds.....	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Funds.....	20
Statement of Cash Flows – Enterprise Funds.....	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Change in Fiduciary Net Position – 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 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	57
Schedule of Findings.....	59
Schedule of Prior Audit Findings and Questioned Costs.....	60
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	61

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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 the Tri-Rivers Joint Vocational School District, Marion County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2013, 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 accordance with the accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 19, 2013

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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, 2013. 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 2013 are as follows:

Net position for governmental activities decreased \$121,808 from the prior fiscal year, or 1 percent. Net position for business-type activities decreased \$7,453, or 2 percent. These decreases were not significant.

General revenues were \$8,864,554 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, nearly 99 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 position 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, the Building capital projects fund, and the Adult Education enterprise fund are the most significant funds.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2013. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

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

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

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

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

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, the Building capital projects 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, 2013
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2013 and fiscal year 2012:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Assets</u>						
Current and Other Assets	\$7,788,718	\$8,037,741	\$156,823	\$168,189	\$7,945,541	\$8,205,930
Capital Assets, Net	7,458,620	5,784,029	387,003	408,945	7,845,623	6,192,974
Total Assets	<u>15,247,338</u>	<u>13,821,770</u>	<u>543,826</u>	<u>577,134</u>	<u>15,791,164</u>	<u>14,398,904</u>
<u>Liabilities</u>						
Current and Other Liabilities	939,467	1,154,966	107,570	150,112	1,047,037	1,305,078
Long-Term Liabilities	2,448,956	582,983	49,382	32,695	2,498,338	615,678
Total Liabilities	<u>3,388,423</u>	<u>1,737,949</u>	<u>156,952</u>	<u>182,807</u>	<u>3,545,375</u>	<u>1,920,756</u>
<u>Deferred Inflows of Resources</u>	<u>2,455,573</u>	<u>2,558,671</u>	<u>0</u>	<u>0</u>	<u>2,455,573</u>	<u>2,558,671</u>
<u>Net Position</u>						
Net Investment in Capital Assets	6,628,723	5,517,587	370,819	387,487	6,999,542	5,905,074
Restricted	27,148	43,138	0	0	27,148	43,138
Unrestricted	<u>2,747,471</u>	<u>3,964,425</u>	<u>16,055</u>	<u>6,840</u>	<u>2,763,526</u>	<u>3,971,265</u>
Total Net Position	<u>\$9,403,342</u>	<u>\$9,525,150</u>	<u>\$386,874</u>	<u>\$394,327</u>	<u>\$9,790,216</u>	<u>9,919,477</u>

Overall, net position for governmental activities decreased 1 percent for fiscal year 2013; however, there were some significant changes from the prior fiscal year that are noteworthy. The increase in net capital assets as well as the increase in the net investment in capital assets is primarily related to new construction for the RAMTEC building addition and equipment for the RAMTEC lab. The decrease in current and other liabilities was due to an unusually large payable that occurred in the prior fiscal year resulting from a data coverage bill for student netbooks (timing of payment). The increase in long-term liabilities represents additional debt issued for the implementation of energy conservation measures and for equipment purchases.

The most significant change for business-type activities was the decrease in current and other liabilities and the corresponding increase in unrestricted net position. This decrease was also related to the data coverage bill liability in the prior fiscal year (mentioned above).

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Table 2 reflects the change in net position for fiscal year 2013 and fiscal year 2012.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$33,036	\$31,273	\$1,353,327	\$1,599,787	\$1,386,363	\$1,631,060
Operating Grants and Contributions	2,852,088	2,837,590	309,853	326,681	3,161,941	3,164,271
Total Program Revenues	2,885,124	2,868,863	1,663,180	1,926,468	4,548,304	4,795,331
General Revenues						
Property Taxes	3,792,221	3,768,571	0	0	3,792,221	3,768,571
Payment in Lieu of Taxes	9,490	9,490	0	0	9,490	9,490
Grants and Entitlements not Restricted to Specific Programs	4,156,997	4,355,723	0	0	4,156,997	4,355,723
Interest	1,837	3,394	0	0	1,837	3,394
Gifts and Donations	1,450	250	0	0	1,450	250
Other	902,559	209,625	19,555	56,710	922,114	266,335
Total General Revenues	8,864,554	8,347,053	19,555	56,710	8,884,109	8,403,763
Total Revenues	11,749,678	11,215,916	1,682,735	1,983,178	13,432,413	13,199,094
Expenses						
Instruction:						
Regular	290,466	267,668	0	0	290,466	267,668
Vocational	5,999,041	6,324,356	0	0	5,999,041	6,324,356
Adult/Continuing	167,105	153,084	0	0	167,105	153,084
Support Services:						
Pupils	592,944	620,076	0	0	592,944	620,076
Instructional Staff	262,107	393,966	0	0	262,107	393,966
Board of Education	96,280	118,788	0	0	96,280	118,788
Administration	1,217,983	1,023,839	0	0	1,217,983	1,023,839
Fiscal	418,728	421,368	0	0	418,728	421,368
Business	164,442	174,235	0	0	164,442	174,235
Operation of Maintenance of Plant	886,433	988,484	0	0	886,433	988,484
Pupil Transportation	14,309	13,247	0	0	14,309	13,247
Central	1,372,796	1,081,251	0	0	1,372,796	1,081,251
Non-Instructional Services	1,853	1,108	0	0	1,853	1,108
Extracurricular Activities	39,079	33,603	0	0	39,079	33,603
Interest and Fiscal Charges	74,851	29,239	0	0	74,851	29,239
Adult Education	0	0	1,574,129	1,628,349	1,574,129	1,628,349
Food Service	0	0	246,301	316,852	246,301	316,852
Rotary	0	0	142,827	215,979	142,827	215,979
Total Expenses	11,598,417	11,644,312	1,963,257	2,161,180	13,561,674	13,805,492
Increase (Decrease) in Net Position						
Before Transfers	151,261	(428,396)	(280,522)	(178,002)	(129,261)	(606,398)
Transfers	(273,069)	12,935	273,069	(12,935)	0	0
Decrease in Net Position	(121,808)	(415,461)	(7,453)	(190,937)	(129,261)	(606,398)
Net Position at Beginning of Year	9,525,150	9,940,611	394,327	585,264	9,919,477	10,525,875
Net Position at End of Year	\$9,403,342	\$9,525,150	\$386,874	\$394,327	\$9,790,216	\$9,919,477

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

For governmental activities, total revenues increased almost 5 percent from the prior fiscal year. While program revenues were consistent with fiscal year 2012, there were several significant changes in general revenues. Grants and entitlements not restricted to specific programs decreased approximately \$199,000 due to the State phasing out the tangible personal property reimbursements. Other revenue, however, increased approximately \$693,000 as the E-Rate reimbursement increased \$345,000 from the prior fiscal year and the School District had insurance claims of over \$300,000 for hail damage.

There was little change in total expenses for governmental activities from the prior fiscal year. The major program expense for governmental activities will always be for instruction, which was 56 percent of all governmental expenses. Other programs which support the instruction process, including pupils and instructional staff, were 7 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 8 percent.

For business-type activities, there was a 15 percent decrease in total revenues, generally due to a decrease in sales generated through the vocational programs and a reduction in adult education. As a result, there was also a decrease in expenses associated with these programs.

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	
	2013	2012	2013	2012
Instruction:				
Regular	\$290,466	\$267,668	\$290,466	\$267,668
Special	0	0	(595,477)	(595,477)
Vocational	5,999,041	6,324,356	3,832,280	4,174,634
Adult/Continuing	167,105	153,084	50,969	32,420
Support Services:				
Pupils	592,944	620,076	586,194	617,076
Instructional Staff	262,107	393,966	262,107	393,966
Board of Education	96,280	118,788	96,280	118,788
Administration	1,217,983	1,023,839	1,217,983	1,023,839
Fiscal	418,728	421,368	418,728	421,368
Business	164,442	174,235	164,442	174,235
Operation and Maintenance of Plant	886,433	988,484	886,433	988,484
Pupil Transportation	14,309	13,247	14,309	13,247
Central	1,372,796	1,081,251	1,372,796	1,081,251
Non-Instructional Services	1,853	1,108	1,853	1,108
Extracurricular Activities	39,079	33,603	39,079	33,603
Interest and Fiscal Charges	74,851	29,239	74,851	29,239
Total Expenses	<u>\$11,598,417</u>	<u>\$11,644,312</u>	<u>\$8,713,293</u>	<u>\$8,775,449</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

A review of the above table illustrates that a significant portion of program costs (approximately 75 percent for both fiscal years) were provided for through general revenues (property taxes and unrestricted state entitlements). Note, however, that the special instruction program received program revenues in excess of program costs due to the receipt of State foundation monies. Program revenues provided for over 36 percent of the costs of the vocational instruction program through operating grants and contributions restricted for such purposes.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Fund balance in the General Fund decreased 33 percent from the prior fiscal year. Revenues increased approximately 5 percent due largely to E-Rate reimbursements and an insurance claim for property damage (non-recurring receipt). However, there was an 11 percent increase in expenditures, most notable related to equipment acquisitions and both capitalized construction and non-capitalized renovations (capital outlay).

The Building capital projects fund was created in fiscal year 2013 to account for note proceeds issued for energy conservation measures and equipment acquisitions.

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. Although there was a decrease in net position from the prior fiscal year, the fund had a positive net position as of fiscal year end. This fund's operations are subsidized by the General Fund.

General Fund Budgeting Highlights

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

During fiscal year 2013, the School District amended its General Fund budget as needed. For revenues, there was no change from the original to final budget and changes from the final budget to actual revenues received were not significant. For expenditures, changes from the original budget to the final budget as well as from the final budget to actual expenditures were not significant.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$7,458,620 invested in capital assets (net of accumulated depreciation). Additions included construction in progress for the RAMTEC building addition and energy conservation measures, as well as equipment and vehicle purchases. Disposals included obsolete instructional equipment.

The business-type activities had a \$387,003 invested in capital assets (net of accumulated depreciation). There were no additions or disposals in fiscal year 2013.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Debt

At June 30, 2013, the School District's outstanding debt consisted of loans and notes, in the amount of \$341,008 and \$1,618,800, respectively, and capital leases, in the amount of \$195,773, for governmental activities.

Business-type activities had an outstanding capital lease, in the amount of \$16,184.

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

Current Issues

Tri-Rivers Joint Vocational School District is in a primarily residential/farming area of the State covering Crawford, Delaware, Hardin, Marion, Morrow, Union, and Wyandot counties.

In June 1978, the School District passed a 2.1 mill continuing levy that generates approximately \$1.8 million. In November 2008, the School District renewed a 1 mill five-year operating levy that generates approximately \$850,000 annually. In November 2011, the School District renewed a 1.3 mill five-year operating levy that generates approximately \$1,350,000 annually.

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

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

In May 2013, the Board of Education and the teachers union negotiated a new three-year contract. The contract covers fiscal years 2014 through 2016. Salary increases are 1.5 percent, 1.25 percent, and 1 percent, respectively.

Contacting the School District's Financial Management

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

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

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 3,555,654	\$ 133,768	\$ 3,689,422
Accounts Receivable	3,240	5,135	8,375
Intergovernmental Receivable	29,107	16,297	45,404
Inventory Held for Resale	-	1,035	1,035
Materials and Supplies Inventory	56,393	588	56,981
Property Taxes Receivable	4,134,834	-	4,134,834
Payment in Lieu of Taxes Receivable	9,490	-	9,490
Nondepreciable Capital Assets	1,643,963	-	1,643,963
Depreciable Capital Assets, Net	5,814,657	387,003	6,201,660
Total Assets	<u>15,247,338</u>	<u>543,826</u>	<u>15,791,164</u>
<u>Liabilities:</u>			
Accounts Payable	68,559	5,742	74,301
Contracts Payable	17,263	-	17,263
Accrued Wages and Benefits Payable	627,820	75,439	703,259
Matured Compensated Absences Payable	52,325	-	52,325
Intergovernmental Payable	130,140	26,389	156,529
Accrued Interest Payable	5,542	-	5,542
Retainage Payable	37,818	-	37,818
Long-Term Liabilities:			
Due Within One Year	304,908	7,363	312,271
Due in More Than One Year	2,144,048	42,019	2,186,067
Total Liabilities	<u>3,388,423</u>	<u>156,952</u>	<u>3,545,375</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	2,446,083	-	2,446,083
Payment in Lieu of Taxes	9,490	-	9,490
Total Deferred Inflows of Resources	<u>2,455,573</u>	<u>-</u>	<u>2,455,573</u>
<u>Net Positon:</u>			
Net Investment in Capital Assets	6,628,723	370,819	6,999,542
Restricted For:			
Other Purposes	27,148	-	27,148
Unrestricted	2,747,471	16,055	2,763,526
Total Net Positon	<u>\$ 9,403,342</u>	<u>\$ 386,874</u>	<u>\$ 9,790,216</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, 2013**

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$ 290,466	\$ -	\$ -
Special	-	-	595,477
Vocational	5,999,041	33,036	2,133,725
Adult/Continuing	167,105	-	116,136
Support Services:			
Pupils	592,944	-	6,750
Instructional Staff	262,107	-	-
Board of Education	96,280	-	-
Administration	1,217,983	-	-
Fiscal	418,728	-	-
Business	164,442	-	-
Operation and Maintenance of Plant	886,433	-	-
Pupil Transportation	14,309	-	-
Central	1,372,796	-	-
Non-Instructional Services	1,853	-	-
Extracurricular Activities	39,079	-	-
Interest and Fiscal Charges	74,851	-	-
Total Governmental Activities	<u>11,598,417</u>	<u>33,036</u>	<u>2,852,088</u>
<u>Business-Type Activities:</u>			
Adult Education	<u>1,574,129</u>	<u>1,140,792</u>	<u>156,463</u>
Other Enterprise Funds			
Food Service	246,301	97,355	144,498
Rotary	142,827	115,180	8,892
Total Other Enterprise Funds	<u>389,128</u>	<u>212,535</u>	<u>153,390</u>
Total Business-Type Activities	<u>1,963,257</u>	<u>1,353,327</u>	<u>309,853</u>
Total	<u>\$ 13,561,674</u>	<u>\$ 1,386,363</u>	<u>\$ 3,161,941</u>

General Revenues:

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

Transfers
 Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year
 Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (290,466)	\$ -	\$ (290,466)
595,477	-	595,477
(3,832,280)	-	(3,832,280)
(50,969)	-	(50,969)
(586,194)	-	(586,194)
(262,107)	-	(262,107)
(96,280)	-	(96,280)
(1,217,983)	-	(1,217,983)
(418,728)	-	(418,728)
(164,442)	-	(164,442)
(886,433)	-	(886,433)
(14,309)	-	(14,309)
(1,372,796)	-	(1,372,796)
(1,853)	-	(1,853)
(39,079)	-	(39,079)
(74,851)	-	(74,851)
<u>(8,713,293)</u>	<u>-</u>	<u>(8,713,293)</u>
-	(276,874)	(276,874)
-	(4,448)	(4,448)
-	(18,755)	(18,755)
-	(23,203)	(23,203)
-	(300,077)	(300,077)
<u>(8,713,293)</u>	<u>(300,077)</u>	<u>(9,013,370)</u>
3,792,221	-	3,792,221
9,490	-	9,490
4,156,997	-	4,156,997
1,837	-	1,837
1,450	-	1,450
902,559	19,555	922,114
8,864,554	19,555	8,884,109
<u>(273,069)</u>	<u>273,069</u>	<u>-</u>
<u>8,591,485</u>	<u>292,624</u>	<u>8,884,109</u>
(121,808)	(7,453)	(129,261)
9,525,150	394,327	9,919,477
<u>\$ 9,403,342</u>	<u>\$ 386,874</u>	<u>\$ 9,790,216</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Building</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,198,569	\$ 1,325,684	\$ 31,401	\$ 3,555,654
Accounts Receivable	3,240	-	-	3,240
Intergovernmental Receivable	107	-	29,000	29,107
Interfund Receivable	38,762	-	-	38,762
Materials and Supplies Inventory	56,393	-	-	56,393
Property Taxes Receivable	4,134,834	-	-	4,134,834
Payment in Lieu of Taxes Receivable	9,490	-	-	9,490
Total Assets	<u>\$ 6,441,395</u>	<u>\$ 1,325,684</u>	<u>\$ 60,401</u>	<u>\$ 7,827,480</u>
Liabilities				
Accounts Payable	\$ 68,559	\$ -	\$ -	\$ 68,559
Contracts Payable	17,263	-	-	17,263
Accrued Wages and Benefits Payable	627,820	-	-	627,820
Matured Compensated Absences Payable	52,325	-	-	52,325
Intergovernmental Payable	130,140	-	-	130,140
Interfund Payable	-	-	38,762	38,762
Retainage Payable	37,818	-	-	37,818
Total Liabilities	<u>933,925</u>	<u>-</u>	<u>38,762</u>	<u>972,687</u>
Deferred Inflows of Resources				
Property Taxes	2,446,083	-	-	2,446,083
Payment in Lieu of Taxes	9,490	-	-	9,490
Unavailable Revenue	548,571	-	25,000	573,571
Total Deferred Inflows of Resources	<u>3,004,144</u>	<u>-</u>	<u>25,000</u>	<u>3,029,144</u>
Fund Balances:				
Nonspendable	56,393	-	-	56,393
Restricted	-	1,325,684	27,148	1,352,832
Assigned	152,942	-	2,023	154,965
Unassigned (Deficit)	2,293,991	-	(32,532)	2,261,459
Total Fund Balances (Deficit)	<u>2,503,326</u>	<u>1,325,684</u>	<u>(3,361)</u>	<u>3,825,649</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 6,441,395</u>	<u>\$ 1,325,684</u>	<u>\$ 60,401</u>	<u>\$ 7,827,480</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 POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total Governmental Fund Balances		\$ 3,825,649
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,458,620
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Accounts Receivable	130	
Intergovernmental Receivable	25,107	
Delinquent Property Taxes Receivable	548,334	
		573,571
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.		(5,542)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Loans Payable	(341,008)	
Notes Payable	(1,618,800)	
Compensated Absences Payable	(293,375)	
Capital Leases Payable	(195,773)	
		(2,448,956)
Net Position of Governmental Activities		<u>\$ 9,403,342</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, 2013**

	General	Building	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 3,787,810	\$ -	\$ -	\$ 3,787,810
Payment in Lieu of Taxes	9,490	-	-	9,490
Intergovernmental	6,368,293	-	593,385	6,961,678
Interest	1,837	-	-	1,837
Tuition and Fees	1,407	-	-	1,407
Rent	31,699	-	-	31,699
Gifts and Donations	1,450	-	27,952	29,402
Other	869,353	31,188	8,768	909,309
Total Revenues	11,071,339	31,188	630,105	11,732,632
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	289,553	-	-	289,553
Vocational	4,632,164	-	291,635	4,923,799
Adult/Continuing	-	-	177,105	177,105
Support Services:				
Pupils	445,944	-	163,402	609,346
Instructional Staff	251,398	-	6,200	257,598
Board of Education	96,280	-	-	96,280
Administration	1,195,085	-	15,066	1,210,151
Fiscal	413,315	-	-	413,315
Business	160,082	-	-	160,082
Operation and Maintenance of Plant	918,471	-	-	918,471
Pupil Transportation	5,561	-	-	5,561
Central	1,410,264	-	10,880	1,421,144
Non-Instructional Services	1,853	-	-	1,853
Extracurricular Activities	39,079	-	-	39,079
Capital Outlay	2,404,870	293,116	-	2,697,986
Debt Service:				
Principal Retirement	81,735	-	22,016	103,751
Interest and Fiscal Charges	38,121	31,188	-	69,309
Total Expenditures	12,383,775	324,304	686,304	13,394,383
Excess of Revenues				
Under Expenditures	(1,312,436)	(293,116)	(56,199)	(1,661,751)
<u>Other Financing Sources (Uses):</u>				
Note Proceeds	-	1,618,800	-	1,618,800
Loan Proceeds	374,090	-	-	374,090
Transfers In	-	-	24,978	24,978
Transfers Out	(298,047)	-	-	(298,047)
Total Other Financing Sources (Uses)	76,043	1,618,800	24,978	1,719,821
Changes in Fund Balances	(1,236,393)	1,325,684	(31,221)	58,070
Fund Balances at Beginning of Year	3,739,719	-	27,860	3,767,579
Fund Balances (Deficit) at End of Year	\$ 2,503,326	\$ 1,325,684	\$ (3,361)	\$ 3,825,649

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, 2013**

Changes in Fund Balances - Total Governmental Funds \$ 58,070

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	2,048,268	
Depreciation	<u>(348,221)</u>	
		1,700,047

The cost of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (25,456)

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

Delinquent Property Taxes	4,411	
Intergovernmental	12,705	
Tuition and Fees	(200)	
Rent	<u>130</u>	
		17,046

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

School Facilities Loan	22,016	
Loans	33,082	
Capital Leases	<u>48,653</u>	
		103,751

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position. (5,542)

Loan and note proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position. (1,992,890)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 23,166

Change in Net Position of Governmental Activities \$ (121,808)

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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Revenues:				
Property Taxes	\$ 3,664,336	\$ 3,664,336	\$ 3,787,868	\$ 123,532
Payment in Lieu of Taxes	9,490	9,490	9,490	-
Intergovernmental	6,327,700	6,327,700	6,368,293	40,593
Interest	3,200	3,200	1,837	(1,363)
Tuition and Fees	-	-	1,407	1,407
Rent	30,000	30,000	29,546	(454)
Gifts and Donations	1,000	1,000	1,450	450
Other	924,469	924,469	901,024	(23,445)
Total Revenues	10,960,195	10,960,195	11,100,915	140,720
Expenditures:				
Current:				
Instruction:				
Regular	296,283	286,585	286,585	-
Vocational	5,071,800	4,749,131	4,749,131	-
Support Services:				
Pupils	376,899	440,060	440,060	-
Instructional Staff	274,802	254,153	254,153	-
Board of Education	147,553	107,983	103,483	4,500
Administration	1,134,643	1,210,078	1,211,528	(1,450)
Fiscal	431,123	409,078	413,173	(4,095)
Business	198,324	188,183	168,820	19,363
Operation and Maintenance of Plant	1,014,841	978,193	932,637	45,556
Pupil Transportation	5,738	5,739	5,739	-
Central	1,325,861	1,645,047	1,645,047	-
Non-Instructional Services	179	1,853	1,853	-
Extracurricular Activities	42,879	43,179	39,579	3,600
Capital Outlay	1,659,546	2,199,227	2,573,317	(374,090)
Debt Service:				
Principal Retirement	33,082	33,082	33,082	-
Interest and Fiscal Charges	7,658	7,658	7,658	-
Total Expenditures	12,021,211	12,559,229	12,865,845	(306,616)
Excess of Revenues				
Under Expenditures	(1,061,016)	(1,599,034)	(1,764,930)	(165,896)
Other Financing Sources (Uses):				
Loan Proceeds	-	-	374,090	374,090
Refund of Prior Year Expenditures	21,400	21,400	2,763	(18,637)
Advances In	82,182	82,182	82,182	-
Advances Out	-	-	(38,762)	(38,762)
Transfers Out	(35,765)	(298,047)	(298,047)	-
Total Other Financing Sources (Uses)	67,817	(194,465)	122,226	316,691
Changes in Fund Balance	(993,199)	(1,793,499)	(1,642,704)	150,795
Fund Balance at Beginning of Year	3,125,085	3,125,085	3,125,085	-
Prior Year Encumbrances Appropriated	453,632	453,632	453,632	-
Fund Balance at End of Year	\$ 2,585,518	\$ 1,785,218	\$ 1,936,013	\$ 150,795

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

**STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2013**

	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Assets:</u>			
<u>Current Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 16,397	\$ 117,371	\$ 133,768
Accounts Receivable	4,406	729	5,135
Intergovernmental Receivable	16,297	-	16,297
Inventory Held for Resale	-	1,035	1,035
Materials and Supplies Inventory	-	588	588
Total Current Assets	<u>37,100</u>	<u>119,723</u>	<u>156,823</u>
<u>Non-Current Assets:</u>			
Depreciable Capital Assets, Net	<u>293,649</u>	<u>93,354</u>	<u>387,003</u>
Total Assets	<u>330,749</u>	<u>213,077</u>	<u>543,826</u>
<u>Liabilities:</u>			
<u>Current Liabilities:</u>			
Accounts Payable	5,742	-	5,742
Accrued Wages and Benefits Payable	53,508	21,931	75,439
Intergovernmental Payable	18,220	8,169	26,389
Compensated Absences Payable	1,090	-	1,090
Capital Leases Payable	6,273	-	6,273
Total Current Liabilities	<u>84,833</u>	<u>30,100</u>	<u>114,933</u>
<u>Non-Current Liabilities</u>			
Compensated Absences Payable	32,108	-	32,108
Capital Leases Payable	9,911	-	9,911
Total Non-Current Liabilities	<u>42,019</u>	<u>-</u>	<u>42,019</u>
Total Liabilities	<u>126,852</u>	<u>30,100</u>	<u>156,952</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	277,465	93,354	370,819
Unrestricted (Deficit)	(73,568)	89,623	16,055
Total Net Position	<u>\$ 203,897</u>	<u>\$ 182,977</u>	<u>\$ 386,874</u>

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Operating Revenues:</u>			
Sales	\$ -	\$ 212,535	\$ 212,535
Charges for Services	1,140,792	-	1,140,792
Other Operating Revenues	12,571	6,984	19,555
Total Operating Revenues	<u>1,153,363</u>	<u>219,519</u>	<u>1,372,882</u>
<u>Operating Expenses:</u>			
Salaries	906,609	100,204	1,006,813
Fringe Benefits	284,769	52,409	337,178
Purchased Services	242,237	3,441	245,678
Materials and Supplies	121,674	97,747	219,421
Cost of Sales	-	130,646	130,646
Depreciation	17,261	4,681	21,942
Total Operating Expenses	<u>1,572,550</u>	<u>389,128</u>	<u>1,961,678</u>
Operating Loss	<u>(419,187)</u>	<u>(169,609)</u>	<u>(588,796)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Grants	156,463	153,390	309,853
Interest Expense	(1,579)	-	(1,579)
Total Non-Operating Revenues (Expenses)	<u>154,884</u>	<u>153,390</u>	<u>308,274</u>
Loss Before Transfers	(264,303)	(16,219)	(280,522)
Transfers In	<u>236,912</u>	<u>36,157</u>	<u>273,069</u>
Changes in Net Position	(27,391)	19,938	(7,453)
Net Position at Beginning of Year	231,288	163,039	394,327
Net Position at End of Year	<u>\$ 203,897</u>	<u>\$ 182,977</u>	<u>\$ 386,874</u>

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 1,137,810	\$ 213,023	\$ 1,350,833
Cash Received from Other Revenues	12,571	6,984	19,555
Cash Payments for Salaries	(893,259)	(102,095)	(995,354)
Cash Payments for Fringe Benefits	(291,994)	(54,577)	(346,571)
Cash Payments for Goods and Services	(386,058)	(232,104)	(618,162)
Net Cash Used for Operating Activities	(420,930)	(168,769)	(589,699)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Grants	158,350	153,390	311,740
Cash Received from Transfers In	236,912	36,157	273,069
Net Cash Provided by Noncapital Financing Activities	395,262	189,547	584,809
<u>Cash Flows from Capital and Related Financing Activities</u>			
Cash Payments for Lease Principal	(5,274)	-	(5,274)
Cash Payments for Lease Interest	(1,579)	-	(1,579)
Net Cash Used for Capital and Related Financing Activities	(6,853)	-	(6,853)
Net Increase (Decrease) in Cash and Cash Equivalents	(32,521)	20,778	(11,743)
Cash and Cash Equivalents at Beginning of Year	48,918	96,593	145,511
Cash and Cash Equivalents at End of Year	\$ 16,397	\$ 117,371	\$ 133,768
<u>Reconciliation of Operating Loss</u>			
<u>to Net Cash Used for Operating Activities:</u>			
Operating Loss	\$ (419,187)	\$ (169,609)	\$ (588,796)
<u>Adjustments to Reconcile Operating Loss</u>			
<u>to Net Cash Used for Operating Activities:</u>			
Depreciation	17,261	4,681	21,942
<u>Changes in Assets and Liabilities:</u>			
(Increase) Decrease in Accounts Receivable	(4,406)	488	(3,918)
Decrease in Intergovernmental Receivable	1,424	-	1,424
Decrease in Inventory Held for Resale	-	230	230
Decrease in Accounts Payable	(22,147)	(500)	(22,647)
Decrease in Accrued Wages and Benefits Payable	(8,224)	(2,628)	(10,852)
Decrease in Intergovernmental Payable	(7,612)	(1,431)	(9,043)
Increase in Compensated Absences Payable	21,961	-	21,961
Net Cash Used for Operating Activities	\$ (420,930)	\$ (168,769)	\$ (589,699)

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 82,356	\$ 20,917
Notes Receivable	2,479	-
Total Assets	84,835	\$ 20,917
<u>Liabilities:</u>		
Undistributed Assets	-	\$ 4,029
Due to Students	-	16,888
Total Liabilities	-	\$ 20,917
<u>Net Position:</u>		
Held in Trust for Scholarships	34,584	
Endowments	50,251	
Total Net Position	\$ 84,835	

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Additions:</u>	
Gifts and Donations	\$ 2,600
Other	282
Total Additions	<u>2,882</u>
 <u>Deductions:</u>	
Non-Instructional Services	<u>2,197</u>
 Change in Net Position	 685
 Net Position at Beginning of Year	 <u>84,150</u>
Net Position at End of Year	<u><u>\$ 84,835</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Note 1 - Description of the School District and Reporting Entity

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

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

Reporting Entity

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

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

The School District participates in the Tri-Rivers Educational Computer Association, a jointly governed organization, and the Stark County Schools Council of Governments Health Benefit Plan and the Better Business Bureau of Central Ohio Workers' Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 22 and 23 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Tri-Rivers Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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, 2013
(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 position 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 position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary 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 statement of net position 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

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

Building Fund - The Building Fund accounts for note proceeds restricted to purchase and install energy conservation measures and to acquire equipment.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows.

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

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

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

Fiduciary Funds

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government-Wide Financial Statements

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

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 enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and change in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise 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; enterprise 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, recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The School District did not report any deferred outflows of resources for fiscal year 2013.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources consists of property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

Expenses/Expenditures

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

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 2013, the School District invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on June 30, 2013.

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 2013 was \$1,837, which includes \$170 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

G. 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.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise 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 position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position 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 enterprise funds is also capitalized.

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

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

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

L. Net Position

Net position represents the difference between all other elements on the statement of net position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for federal and state grants.

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

M. Fund Balance

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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

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

N. Operating Revenues and Expenses

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

O. Interfund Transactions

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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 enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 61, "The Financial Reporting Entity: Omnibus", " Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 65, "Items Previously Reported as Assets and Liabilities", and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62".

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements which are a type of public-public or public-private partnership. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets or liabilities as inflows of resources (revenues) or outflows of resources (expenses or expenditures). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position and/or fund balance.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 3 - Change in Accounting Principles (continued)

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and, thereby, enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to the School District's financial statements.

Note 4 - Accountability

At June 30, 2013, the RAMTEC League and Miscellaneous State Grants special revenue funds had deficit fund balances, in the amount of \$7,532 and \$25,000, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

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

Changes in Fund Balance	
GAAP Basis	(\$1,236,393)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2012, Received in Cash FY 2013	1,175,866
Accrued FY 2013, Not Yet Received in Cash	(1,143,527)
	(continued)

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 5 - Budgetary Basis of Accounting (continued)

Changes in Fund Balance (continued)	
Accrued FY 2012, Paid in Cash FY 2013	(\$1,151,955)
Accrued FY 2013, Not Yet Paid in Cash	933,925
Materials and Supplies Inventory	(1,484)
Advances In	82,182
Advances Out	(38,762)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(262,556)
Budget Basis	<u>(\$1,642,704)</u>

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 6 - Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,425,536 of the School District's bank balance of \$4,175,536 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2013, the fair value of funds on deposit with STAR Ohio was \$56,722. The School District's investment in STAR Ohio had an average maturity of 57.5 days. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no policy regarding interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 7 - Receivables

Receivables at June 30, 2013, consisted of accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, property taxes, payment in lieu of taxes, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for property taxes and a portion of notes, are considered collectible within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable are repaid according to payment schedules made with the various students.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	\$107
Other Governmental Funds	
Miscellaneous State Grants	29,000
Total Governmental Activities	<u>\$29,107</u>
Business-Type Activities	
Adult Education	<u>\$16,297</u>

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 8 - Property Taxes (continued)

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, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2013, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2013, was \$1,140,417 in the General Fund. The amount available as an advance at June 30, 2012, was \$1,140,475 in the General Fund.

Collectible delinquent property taxes have been recorded as a receivable and revenue on an accrual basis. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,586,302,560	94.75%	\$1,584,840,620	94.38%
Public Utility	87,910,530	5.25	94,345,230	5.62
Total Assessed Value	<u>\$1,674,213,090</u>	<u>100.00%</u>	<u>\$1,679,185,850</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

Note 9 - Payment in Lieu of Taxes

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$241,082	\$0	\$0	\$241,082
Construction in Progress	30,263	1,372,618	0	1,402,881
Total Nondepreciable Capital Assets	271,345	1,372,618	0	1,643,963
Depreciable Capital Assets				
Land Improvements	412,591	0	0	412,591
Buildings and Building Improvements	8,930,978	0	0	8,930,978
Furniture, Fixtures, and Equipment	1,415,095	633,202	(189,064)	1,859,233
Vehicles	129,887	42,448	0	172,335
Total Depreciable Capital Assets	10,888,551	675,650	(189,064)	11,375,137
Less Accumulated Depreciation				
Land Improvements	(387,700)	(6,355)	0	(394,055)
Buildings and Building Improvements	(4,410,156)	(175,451)	0	(4,585,607)
Furniture, Fixtures, and Equipment	(547,844)	(152,068)	163,608	(536,304)
Vehicles	(30,167)	(14,347)	0	(44,514)
Total Accumulated Depreciation	(5,375,867)	(348,221)	163,608	(5,560,480)
Depreciable Capital Assets, Net	5,512,684	327,429	(25,456)	5,814,657
Governmental Activities Capital Assets, Net	\$5,784,029	\$1,700,047	(\$25,456)	\$7,458,620
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$780,832	\$0	\$0	\$780,832
Furniture, Fixtures, and Equipment	67,406	0	0	67,406
Total Depreciable Capital Assets	848,238	0	0	848,238
Less Accumulated Depreciation				
Buildings and Building Improvements	(406,805)	(14,479)	0	(421,284)
Furniture, Fixtures, and Equipment	(32,488)	(7,463)	0	(39,951)
Total Accumulated Depreciation	(439,293)	(21,942)	0	(461,235)
Business-Type Activities Capital Assets, Net	\$408,945	(\$21,942)	\$0	\$387,003

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 10 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$254,886
Support Services:	
Pupils	6,226
Instructional Staff	3,218
Administration	8,218
Fiscal	1,608
Business	4,826
Operation and Maintenance of Plant	26,407
Pupil Transportation	8,748
Central	34,084
Total Depreciation Expense	<u>348,221</u>

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	\$4,316
Rotary	365
	<u>\$4,681</u>

Note 11 - Interfund Assets/Liabilities

Interfund balances at June 30, 2013, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Other Governmental Funds	
RAMTEC League	\$9,762
Miscellaneous State Grants	29,000
	<u>\$38,762</u>

The balance due to the General Fund consists of loans made to provide cash flow resources until the receipt of grant monies by the special revenue funds. 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, 2013
(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 2013, the School District contracted for the following insurance coverage:

Coverage provided by Argonaut Insurance Group:	
Buildings and Contents - replacement cost	\$38,225,547
Auto Liability	1,000,000
General Liability	
Each Occurrence	1,000,000
Aggregate	3,000,000
Excess Liability	2,000,000

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

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

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

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$565,896 and \$19,774 for the fiscal year ended June 30, 2013, \$623,521 and \$20,809 for the fiscal year ended June 30, 2012, and \$628,930 and \$18,454 for the fiscal year ended June 30, 2011. For fiscal year 2013, 83 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The contribution to STRS Ohio for the DCP for fiscal year 2013 was \$11,813 made by the School District and \$8,438 made by the plan members. In addition, member contributions of \$14,125 were made for fiscal year 2013 for the defined contribution portion of the CP.

B. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 13 - Defined Benefit Pension Plans (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 was \$126,249, \$123,347, and \$112,690, respectively. The full amount has been contributed for all three fiscal years.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2013, eight of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2013, 2012, and 2011 was \$46,037, \$50,345, and \$50,104, respectively. For fiscal year 2013, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 14 - Postemployment Benefits (continued)

B. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, .16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2013, this amount was \$20,525. For fiscal year 2013, the School District paid \$14,769 in surcharge.

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

The School District's contribution for health care for the fiscal years ended June 30, 2013, 2012, and 2011 was \$1,542, \$5,342, and \$13,645, respectively. The full amount has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2013, this actuarially required allocation was .74 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 was \$7,132, \$7,284, and \$7,252, respectively. The full amount has been contributed for all three fiscal years.

Note 15 - Other Employee Benefits

A. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 15 - Other Employee Benefits (continued)

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

B. Health Care Benefits

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

C. Separation Benefits

The School District offers a separation benefit of \$15,000 to teachers under the TREA Bargaining Unit who retire during the summer of their first year of eligibility or who retire during the summer after they first attain 30 years of STRS service credit at any age. At June 30, 2013, there was no liability for separation benefits.

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13	Amounts Due Within One Year
Governmental Activities					
General Obligations					
School Facilities Loan					
FY 1999 0.00%	\$22,016	\$0	\$22,016	\$0	\$0
Equipment Loan 3.10%	0	374,090	33,082	341,008	71,738
Energy Conservation Notes					
FY 2013 2.65%	0	1,118,800	0	1,118,800	74,550
Equipment Acquisition Notes					
FY 2013 2.00%	0	500,000	0	500,000	50,000
Total General Obligations	22,016	1,992,890	55,098	1,959,808	196,288
Compensated Absences Payable	316,541	101,741	124,907	293,375	51,369
Capital Leases Payable	244,426	0	48,653	195,773	57,251
Total Governmental Activities Long-Term Obligations	<u>\$582,983</u>	<u>\$2,094,631</u>	<u>\$228,658</u>	<u>\$2,448,956</u>	<u>\$304,908</u>
Business-Type Activities					
Compensated Absences Payable	\$11,237	\$21,961	\$0	\$33,198	\$1,090
Capital Leases Payable	21,458	0	5,274	16,184	6,273
Total Business-Type Activities Long-Term Obligations	<u>\$32,695</u>	<u>\$21,961</u>	<u>\$5,274</u>	<u>\$49,382</u>	<u>\$7,363</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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 was retired through the Bond Retirement debt service fund.

Equipment Loan - On August 24, 2012, the School District obtained a loan, in the amount of \$374,090, to acquire equipment for the RAMTEC lab. The loan was obtained for a five-year period, with final maturity in fiscal year 2018. The loan is being retired through the General Fund. The entire amount of the loan has been capitalized.

FY 2013 Energy Conservation Notes - On May 30, 2013, the School District issued notes, in the amount of \$1,118,800, to provide energy conservation measures for the School District. The notes were issued for a fifteen year period, with a final maturity in fiscal year 2028. The notes are being retired through the Bond Retirement debt service fund. Of the \$1,118,800, \$825,684 has not been capitalized.

FY 2013 Equipment Acquisition Notes - On May 30, 2013, the School District issued notes, in the amount of \$500,000, to acquire equipment. The notes were issued for a ten year period, with a final maturity in fiscal year 2023. The notes are being retired through the Bond Retirement debt service fund. None of the \$500,000 has been capitalized.

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 \$141,018,879 with an unvoted debt margin of \$1,584,841 at June 30, 2013.

Principal requirements to retire the general obligation debt outstanding at June 30, 2013, were as follows:

Fiscal Year Ending	Loans Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2014	\$71,738	\$9,743	\$124,550	\$38,271
2015	73,988	7,493	106,790	35,404
2016	76,309	5,172	108,430	32,845
2017	78,701	2,779	115,110	30,191
2018	40,272	469	116,830	27,443
2019-2023	0	0	621,680	94,130
2024-2028	0	0	425,410	29,453
	<u>\$341,008</u>	<u>\$25,656</u>	<u>\$1,618,800</u>	<u>\$287,737</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 17 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for equipment. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds and as a reduction of the liability in the enterprise funds. Principal payments in 2013 were \$48,653 for governmental funds and \$5,274 for enterprise funds.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$286,980	\$30,000
Less Accumulated Depreciation	(118,126)	(16,000)
Total June 30, 2013	\$168,854	\$14,000

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, 2013.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$57,251	\$26,408	\$6,273	\$1,207
2015	62,926	16,715	6,864	616
2016	68,851	7,154	3,047	69
2017	6,745	119	0	0
Total	\$195,773	\$50,396	\$16,184	\$1,892

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 acquisition and construction of capital improvements. The amount 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. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2013.

	Capital Improvements
Balance June 30, 2012	\$0
Current Year Set Aside Requirement	102,636
Qualifying Expenditures	(102,636)
Balance June 30, 2013	\$0

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 19 - Interfund Transfers

During fiscal year 2013, the General Fund made transfers to other governmental funds, in the amount of \$24,978, as debt payments came due. The General Fund also made transfers to the Adult Education enterprise fund, in the amount of \$236,912 to support the operation of adult education, and to the Rotary enterprise fund, in the amount of \$ 36,157 to support the preschool program.

Note 20 - Fund Balance

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

Fund Balance	General	Building	Other Governmental	Total Governmental Funds
Nonspendable for:				
Materials and Supplies Inventory	\$56,393	\$0	\$0	\$56,393
Restricted for:				
Adult Education	0	0	4,053	4,053
Capital Improvements	0	1,325,684	0	1,325,684
Career Development	0	0	3,189	3,189
Professional Development	0	0	13,494	13,494
Student Assistance	0	0	1,072	1,072
Vocational Instruction	0	0	5,340	5,340
Total Restricted	0	1,325,684	27,148	1,352,832
Assigned for:				
Debt Retirement	0	0	2,023	2,023
Unpaid Obligations	152,356	0	0	152,356
Wellness Activities	586	0	0	586
Total Assigned	152,942	0	2,023	154,965
Unassigned (Deficit)	2,293,991	0	(32,532)	2,261,459
Total Fund Balance (Deficit)	\$2,503,326	\$1,325,684	(\$3,361)	\$3,825,649

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 21 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$34,584 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide scholarships each year.

Note 22 - Jointly Governed Organization

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Athens, Crawford, Delaware, Erie, Franklin, Knox, Licking, Lorain, Marion, Morrow, Muskingum, 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 2013, the School District paid \$41,148 to TRECA for various services. Financial information can be obtained from TRECA, 100 Executive Drive, Marion, Ohio 43302.

Note 23 - Insurance Pools

A. Stark County Schools Council of Governments Health Benefit Plan

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 23 - Insurance Pools (continued)

B. Better Business Bureau of Central Ohio 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 Better Business Bureau of Central Ohio Workers' Compensation Group Rating Plan (Plan) was established through the Better Business Bureau of Ohio as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 24 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

B. Litigation

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

Note 25 - Subsequent Event

Effective September 29, 2013, Ohio Revised Code Section 3311.19 changes the qualifications necessary to serve as a member of the board of education for vocational school districts. Current board members will continue until the expiration of their term.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Federal CFDA Number	Receipts	Disburse- ments
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Nutrition Cluster:</u>			
<u>Cash Assistance:</u>			
School Breakfast Program	10.553	\$ 28,071	\$ 28,071
National School Lunch Program	10.555	112,890	112,890
Cash Assistance Subtotal:		<u>140,961</u>	<u>140,961</u>
Total Nutrition Cluster		<u>140,961</u>	<u>140,961</u>
Child and Adult Care Food Program	10.558	8,892	8,892
Total U.S. Department of Agriculture		<u>149,853</u>	<u>149,853</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Student Financial Assistance Cluster:</u>			
Federal Pell Grant Program	84.063	263,256	263,256
Federal Direct Student Loans	84.268	538,827	538,827
Total Student Financial Assistance Cluster		<u>802,083</u>	<u>802,083</u>
Rural Education	84.358	57,175	57,175
<i>Passed Through the Ohio Department of Education:</i>			
Improving Teacher Quality State Grants	84.367	6,810	3,774
Career and Technical Education-Basic Grants to States	84.048	244,890	244,890
<i>Passed Through Madison Local School District:</i>			
Career and Technical Education-Basic Grants to States	84.048	79,252	75,199
Total U.S. Department of Education		<u>1,190,210</u>	<u>1,183,121</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	5,158	5,158
Total U.S. Department of Justice		<u>5,158</u>	<u>5,158</u>
TOTAL FEDERAL AWARDS		<u>\$ 1,345,221</u>	<u>\$ 1,338,132</u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

December 19, 2013



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

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

To the Board of Education:

Reporting on Compliance for Each Major Federal Program

We have audited the Tri-Rivers Joint Vocational School District's, Marion County, Ohio, (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Tri-Rivers Joint Vocational School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* section in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Tri-Rivers Joint Vocational School District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

December 19, 2013

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	2 C.F.R. Part 225, Appendix B (19)(a) – Allowable Costs/Cost Principles Career and Technical Education	Yes	
2011-002 2012-002	34 C.F.R. § 690.64 (a)-(d) and §685.203 – Eligibility Student Financial Assistance Cluster	Yes	



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on June 30, 2010 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 19, 2013

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TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2014**