



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2014



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.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet—Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	19
Statement of Fund Net Position – Enterprise Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Funds	21
Statement of Cash Flows – Enterprise Funds	22
Statement of Fiduciary Net Position – Fiduciary Funds.....	23
Statement of Change in Fiduciary Net Position – Private Purpose Trust Fund.....	24
Notes to the Basic Financial Statements	25
The Schedule of Federal Awards Receipts and Expenditures	51
Notes to the Schedule of Federal Awards Receipts and Expenditures	52
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
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	55
Schedule of Findings	57

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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 Tri-Rivers Joint Vocational School District, Marion County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School 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 School 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and 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 15, 2014, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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, 2014. 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 2014 are as follows:

Net position for governmental activities decreased \$75,451 from the prior fiscal year, or less than 1 percent. Net position for business-type activities increased \$10,113, or approximately 3 percent. These changes were not significant.

General revenues were \$8,923,847 or 80 percent of all governmental activities revenues. This reflects the School District's significant dependence on property taxes and unrestricted State entitlements.

For business-type activities, 98 percent of total revenues were generated by the programs, most of which was in the form of charges for services.

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 2014. 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.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

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, 2014
UNAUDITED**

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2014 and fiscal year 2013:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<u>Assets</u>						
Current and Other Assets	\$6,758,309	\$7,788,718	(\$13,863)	\$156,823	\$6,744,446	\$7,945,541
Capital Assets, Net	8,543,079	7,458,620	565,386	387,003	9,108,465	7,845,623
Total Assets	<u>15,301,388</u>	<u>15,247,338</u>	<u>551,523</u>	<u>543,826</u>	<u>15,852,911</u>	<u>15,791,164</u>
<u>Liabilities</u>						
Current and Other Liabilities	946,079	939,467	110,441	107,570	1,056,520	1,047,037
Long-Term Liabilities	2,594,638	2,448,956	44,095	49,382	2,638,733	2,498,338
Total Liabilities	<u>3,540,717</u>	<u>3,388,423</u>	<u>154,536</u>	<u>156,952</u>	<u>3,695,253</u>	<u>3,545,375</u>
<u>Deferred Inflows of Resources</u>	<u>2,432,780</u>	<u>2,455,573</u>	<u>0</u>	<u>0</u>	<u>2,432,780</u>	<u>2,455,573</u>
<u>Net Position</u>						
Net Investment in Capital Assets	6,253,574	6,628,723	556,023	370,819	6,809,597	6,999,542
Restricted	63,987	27,148	0	0	63,987	27,148
Unrestricted (Deficit)	3,010,330	2,747,471	(159,036)	16,055	2,851,294	2,763,526
Total Net Position	<u>\$9,327,891</u>	<u>\$9,403,342</u>	<u>\$396,987</u>	<u>\$386,874</u>	<u>\$9,724,878</u>	<u>\$9,790,216</u>

Overall, net position for governmental activities decreased less than 1 percent for fiscal year 2014; however, there were several significant changes from the prior fiscal year. There was a significant decrease in cash and cash equivalents (included within current and other assets) as debt proceeds from the prior year were spent; this also resulted in an increase in net capital assets. This was primarily related to new construction for the RAMTEC building addition, equipment for the RAMTEC lab, and an energy conservation project.

There were two noteworthy changes for business-type activities. There was a significant decrease in current and other assets due to an internal balance payable in the Adult Education enterprise fund for resources advanced from the General Fund. Also, there was a large increase in net capital assets as the enterprise funds received contributions of capital assets from governmental funds related to the RAMTEC building addition and the energy conservation project (mentioned above).

Table 2 reflects the change in net position for fiscal year 2014 and fiscal year 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$28,556	\$33,036	\$1,436,153	\$1,353,327	\$1,464,709	\$1,386,363
Operating Grants and Contributions	2,250,010	2,852,088	326,594	309,853	2,576,604	3,161,941
Total Program Revenues	2,278,566	2,885,124	1,762,747	1,663,180	4,041,313	4,548,304
General Revenues						
Property Taxes	3,785,244	3,792,221	0	0	3,785,244	3,792,221
Payment in Lieu of Taxes	7,000	9,490	0	0	7,000	9,490
Grants and Entitlements not Restricted to Specific Programs	4,875,082	4,156,997	0	0	4,875,082	4,156,997
Interest	892	1,837	0	0	892	1,837
Gifts and Donations	1,000	1,450	0	0	1,000	1,450
Other	254,629	902,559	35,441	19,555	290,070	922,114
Total General Revenues	8,923,847	8,864,554	35,441	19,555	8,959,288	8,884,109
Total Revenues	11,202,413	11,749,678	1,798,188	1,682,735	13,000,601	13,432,413
Expenses						
Instruction:						
Regular	341,834	290,466	0	0	341,834	290,466
Special	2,372	0	0	0	2,372	0
Vocational	5,742,295	5,999,041	0	0	5,742,295	5,999,041
Adult/Continuing	129,324	167,105	0	0	129,324	167,105
Support Services:						
Pupils	695,825	592,944	0	0	695,825	592,944
Instructional Staff	189,255	262,107	0	0	189,255	262,107
Board of Education	123,634	96,280	0	0	123,634	96,280
Administration	1,163,712	1,217,983	0	0	1,163,712	1,217,983
Fiscal	444,022	418,728	0	0	444,022	418,728
Business	150,201	164,442	0	0	150,201	164,442
Operation of Maintenance of Plant	1,121,994	886,433	0	0	1,121,994	886,433
Pupil Transportation	18,490	14,309	0	0	18,490	14,309
Central	806,570	1,372,796	0	0	806,570	1,372,796
Non-Instructional Services	2,153	1,853	0	0	2,153	1,853
Extracurricular Activities	61,102	39,079	0	0	61,102	39,079
Interest and Fiscal Charges	79,123	74,851	0	0	79,123	74,851
Adult Education	0	0	1,618,372	1,574,129	1,618,372	1,574,129
Food Service	0	0	246,225	246,301	246,225	246,301
Rotary	0	0	129,436	142,827	129,436	142,827
Total Expenses	11,071,906	11,598,417	1,994,033	1,963,257	13,065,939	13,561,674
Increase (Decrease) in Net Position						
Before Transfers	130,507	151,261	(195,845)	(280,522)	(65,338)	(129,261)
Transfers	(205,958)	(273,069)	205,958	273,069	0	0
Increase (Decrease) in Net Position	(75,451)	(121,808)	10,113	(7,453)	(65,338)	(129,261)
Net Position at Beginning of Year	9,403,342	9,525,150	386,874	394,327	9,790,216	9,919,477
Net Position at End of Year	\$9,327,891	\$9,403,342	\$396,987	\$386,874	\$9,724,878	\$9,790,216

For governmental activities, total revenues decreased almost 5 percent from the prior fiscal year. Program revenues decreased over \$600,000, primarily reflected in operating grants and entitlements; however, there was a similar increase in unrestricted grants and entitlements (general revenue) due to a reallocation of State foundation resources. Within general revenues, other revenue decreased nearly \$650,000 as the School District received some non-recurring receipts for an E-Rate reimbursement and insurance claims in the prior fiscal year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Governmental activities expenses also decreased almost 5 percent with the largest decrease reflected in the central program due to a reclassification of some activities to various support services programs and the discontinuation of a cellular service provider. 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 8 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 10 percent.

For business-type activities, there was a 7 percent increase in total revenues, generally due to an increase in sales generated through the vocational programs and a growth in adult education. There was not a significant change in expenses.

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	
	2014	2013	2014	2013
Instruction:				
Regular	\$341,834	\$290,466	\$341,834	\$290,466
Special	2,372	0	(566,331)	(595,477)
Vocational	5,742,295	5,999,041	4,161,257	3,832,280
Adult/Continuing	129,324	167,105	499	50,969
Support Services:				
Pupils	695,825	592,944	695,825	586,194
Instructional Staff	189,255	262,107	189,255	262,107
Board of Education	123,634	96,280	123,634	96,280
Administration	1,163,712	1,217,983	1,163,712	1,217,983
Fiscal	444,022	418,728	444,022	418,728
Business	150,201	164,442	150,201	164,442
Operation and Maintenance of Plant	1,121,994	886,433	1,121,994	886,433
Pupil Transportation	18,490	14,309	18,490	14,309
Central	806,570	1,372,796	806,570	1,372,796
Non-Instructional Services	2,153	1,853	2,153	1,853
Extracurricular Activities	61,102	39,079	61,102	39,079
Interest and Fiscal Charges	79,123	74,851	79,123	74,851
Total Expenses	<u>\$11,071,906</u>	<u>\$11,598,417</u>	<u>\$8,793,340</u>	<u>\$8,713,293</u>

A review of the above table illustrates that a significant portion of program costs (approximately 79 percent for fiscal year 2014 and 75 percent for fiscal year 2013) 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 nearly 28 percent of the costs of the vocational instruction program through operating grants and contributions restricted for such purposes.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

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 increased 11 percent from the prior fiscal year. Revenues remained fairly consistent with the prior fiscal year while expenditures decreased about 15 percent as the School District's expenditures related to equipment acquisitions and both capitalized construction and non-capitalized renovations (capital outlay) were down from the prior year.

The Building capital projects fund was created in fiscal year 2013 to account for note proceeds issued for energy conservation measures and equipment acquisitions. In fiscal year 2014, nearly all note proceeds were spent, liquidating most of the fund balance from the prior fiscal year.

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.

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 2014, the School District amended its General Fund budget as needed. For revenues, there was a significant decrease from the original to final budget and a similar increase from the final budget to actual revenues received as a result of conservative budgeting, particularly related to State foundation funding. 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 2014, the School District had \$8,543,079 invested in capital assets (net of accumulated depreciation) for governmental activities. Additions included the RAMTEC building addition and energy conservation measures, as well as equipment and vehicle purchases. Disposals included obsolete instructional and technology equipment.

The business-type activities had a \$565,386 invested in capital assets (net of accumulated depreciation). Additions included contributions from governmental funds related to the RAMTEC building addition and energy conservation measures. There were no disposals in fiscal year 2014.

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

Debt

At June 30, 2014, the School District's outstanding debt consisted of loans and notes, in the amount of \$705,291 and \$1,494,250, respectively, and capital leases, in the amount of \$140,436, for governmental activities.

Business-type activities had an outstanding capital lease, in the amount of \$9,363.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

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 15 and 16 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, 2014**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,398,534	\$ 101,215	\$ 2,499,749
Accounts Receivable	2,236	23,603	25,839
Intergovernmental Receivable	4,400	57,287	61,687
Internal Balances	197,748	(197,748)	-
Inventory Held for Resale	-	1,107	1,107
Materials and Supplies Inventory	60,519	673	61,192
Property Taxes Receivable	4,082,382	-	4,082,382
Payment in Lieu of Taxes Receivable	12,490	-	12,490
Nondepreciable Capital Assets	241,082	-	241,082
Depreciable Capital Assets, Net	8,301,997	565,386	8,867,383
Total Assets	15,301,388	551,523	15,852,911
<u>Liabilities:</u>			
Accounts Payable	84,575	4,993	89,568
Contracts Payable	19,800	-	19,800
Accrued Wages and Benefits Payable	620,927	77,787	698,714
Matured Compensated Absences Payable	46,410	-	46,410
Intergovernmental Payable	116,406	27,661	144,067
Special Termination Benefits Payable	52,012	-	52,012
Accrued Interest Payable	5,949	-	5,949
Long-Term Liabilities:			
Due Within One Year	374,435	9,106	383,541
Due in More Than One Year	2,220,203	34,989	2,255,192
Total Liabilities	3,540,717	154,536	3,695,253
<u>Deferred Inflows of Resources</u>			
Property Taxes	2,420,290	-	2,420,290
Payment in Lieu of Taxes	12,490	-	12,490
Total Deferred Inflows of Resources	2,432,780	-	2,432,780
<u>Net Position:</u>			
Net Investment in Capital Assets	6,253,574	556,023	6,809,597
Restricted For:			
Other Purposes	63,987	-	63,987
Unrestricted (Deficit)	3,010,330	(159,036)	2,851,294
Total Net Position	\$ 9,327,891	\$ 396,987	\$ 9,724,878

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, 2014**

	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 341,834	\$ -	\$ -	\$ (341,834)	\$ -	\$ (341,834)
Special	2,372	-	568,703	566,331	-	566,331
Vocational	5,742,295	28,556	1,552,482	(4,161,257)	-	(4,161,257)
Adult/Continuing	129,324	-	128,825	(499)	-	(499)
Support Services:						
Pupils	695,825	-	-	(695,825)	-	(695,825)
Instructional Staff	189,255	-	-	(189,255)	-	(189,255)
Board of Education	123,634	-	-	(123,634)	-	(123,634)
Administration	1,163,712	-	-	(1,163,712)	-	(1,163,712)
Fiscal	444,022	-	-	(444,022)	-	(444,022)
Business	150,201	-	-	(150,201)	-	(150,201)
Operation and Maintenance of Plant	1,121,994	-	-	(1,121,994)	-	(1,121,994)
Pupil Transportation	18,490	-	-	(18,490)	-	(18,490)
Central	806,570	-	-	(806,570)	-	(806,570)
Non-Instructional Services	2,153	-	-	(2,153)	-	(2,153)
Extracurricular Activities	61,102	-	-	(61,102)	-	(61,102)
Interest and Fiscal Charges	79,123	-	-	(79,123)	-	(79,123)
Total Governmental Activities	<u>11,071,906</u>	<u>28,556</u>	<u>2,250,010</u>	<u>(8,793,340)</u>	<u>-</u>	<u>(8,793,340)</u>
Business-Type Activities:						
Adult Education	1,618,372	1,229,792	169,738	-	(218,842)	(218,842)
Other Enterprise Funds						
Food Service	246,225	96,581	146,623	-	(3,021)	(3,021)
Rotary	129,436	109,780	10,233	-	(9,423)	(9,423)
Total Other Enterprise Funds	<u>375,661</u>	<u>206,361</u>	<u>156,856</u>	<u>-</u>	<u>(12,444)</u>	<u>(12,444)</u>
Total Business-Type Activities	<u>1,994,033</u>	<u>1,436,153</u>	<u>326,594</u>	<u>-</u>	<u>(231,286)</u>	<u>(231,286)</u>
Total	<u>\$ 13,065,939</u>	<u>\$ 1,464,709</u>	<u>\$ 2,576,604</u>	<u>(8,793,340)</u>	<u>(231,286)</u>	<u>(9,024,626)</u>
General Revenues:						
Property Taxes Levied for General Purposes				3,785,244	-	3,785,244
Payment in Lieu of Taxes				7,000	-	7,000
Grants and Entitlements not Restricted to Specific Programs				4,875,082	-	4,875,082
Interest				892	-	892
Gifts and Donations				1,000	-	1,000
Other				254,629	35,441	290,070
Total General Revenues				<u>8,923,847</u>	<u>35,441</u>	<u>8,959,288</u>
Transfers				<u>(205,958)</u>	<u>205,958</u>	<u>-</u>
Total General Revenues and Transfers				<u>8,717,889</u>	<u>241,399</u>	<u>8,959,288</u>
Change in Net Position				(75,451)	10,113	(65,338)
Net Position at Beginning of Year				<u>9,403,342</u>	<u>386,874</u>	<u>9,790,216</u>
Net Position at End of Year				<u>\$ 9,327,891</u>	<u>\$ 396,987</u>	<u>\$ 9,724,878</u>

See Accompanying Notes to the Basic Financial Statements

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Building	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,285,256	\$ 50,452	\$ 62,826	\$ 2,398,534
Accounts Receivable	2,236	-	-	2,236
Intergovernmental Receivable	-	-	4,400	4,400
Interfund Receivable	197,748	-	-	197,748
Materials and Supplies Inventory	60,519	-	-	60,519
Property Taxes Receivable	4,082,382	-	-	4,082,382
Payment in Lieu of Taxes Receivable	12,490	-	-	12,490
Total Assets	<u>\$ 6,640,631</u>	<u>\$ 50,452</u>	<u>\$ 67,226</u>	<u>\$ 6,758,309</u>
<u>Liabilities</u>				
Accounts Payable	\$ 81,691	\$ -	\$ 2,884	\$ 84,575
Contracts Payable	19,800	-	-	19,800
Accrued Wages and Benefits Payable	620,927	-	-	620,927
Matured Compensated Absences Payable	46,410	-	-	46,410
Intergovernmental Payable	116,051	-	355	116,406
Special Termination Benefits Payable	52,012	-	-	52,012
Total Liabilities	<u>936,891</u>	<u>-</u>	<u>3,239</u>	<u>940,130</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	2,420,290	-	-	2,420,290
Payment in Lieu of Taxes	12,490	-	-	12,490
Unavailable Revenue	482,622	-	4,400	487,022
Total Deferred Inflows of Resources	<u>2,915,402</u>	<u>-</u>	<u>4,400</u>	<u>2,919,802</u>
<u>Fund Balances:</u>				
Nonspendable	60,519	-	-	60,519
Restricted	-	50,452	59,587	110,039
Assigned	2,727,443	-	-	2,727,443
Unassigned	376	-	-	376
Total Fund Balances	<u>2,788,338</u>	<u>50,452</u>	<u>59,587</u>	<u>2,898,377</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,640,631</u>	<u>\$ 50,452</u>	<u>\$ 67,226</u>	<u>\$ 6,758,309</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, 2014**

Total Governmental Fund Balances \$ 2,898,377

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. 8,543,079

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

Intergovernmental Receivable	4,400	
Delinquent Property Taxes Receivable	<u>482,622</u>	
		487,022

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. (5,949)

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

Loans Payable	(705,271)	
Notes Payable	(1,494,250)	
Compensated Absences Payable	(254,681)	
Capital Leases Payable	<u>(140,436)</u>	
		<u>(2,594,638)</u>

Net Position of Governmental Activities \$ 9,327,891

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, 2014**

	General	Building	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 3,850,956	\$ -	\$ -	\$ 3,850,956
Payment in Lieu of Taxes	7,000	-	-	7,000
Intergovernmental	6,386,488	-	677,413	7,063,901
Interest	891	-	1	892
Tuition and Fees	1,661	-	-	1,661
Rent	27,025	-	-	27,025
Gifts and Donations	1,000	-	80,391	81,391
Other	254,629	-	1,507	256,136
Total Revenues	<u>10,529,650</u>	<u>-</u>	<u>759,312</u>	<u>11,288,962</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	364,696	-	-	364,696
Special	2,372	-	-	2,372
Vocational	5,214,169	-	344,446	5,558,615
Adult/Continuing	-	-	129,324	129,324
Support Services:				
Pupils	500,448	-	189,106	689,554
Instructional Staff	175,477	-	9,000	184,477
Board of Education	123,634	-	-	123,634
Administration	1,138,875	-	15,055	1,153,930
Fiscal	434,985	-	-	434,985
Business	145,242	-	-	145,242
Operation and Maintenance of Plant	1,140,915	-	-	1,140,915
Pupil Transportation	5,083	-	-	5,083
Central	762,502	-	7,410	769,912
Non-Instructional Services	2,153	-	-	2,153
Extracurricular Activities	61,102	-	-	61,102
Capital Outlay	278,266	1,275,232	-	1,553,498
Debt Service:				
Principal Retirement	191,074	-	124,550	315,624
Interest and Fiscal Charges	40,445	-	38,271	78,716
Total Expenditures	<u>10,581,438</u>	<u>1,275,232</u>	<u>857,162</u>	<u>12,713,832</u>
Excess of Revenues				
Under Expenditures	<u>(51,788)</u>	<u>(1,275,232)</u>	<u>(97,850)</u>	<u>(1,424,870)</u>
<u>Other Financing Sources (Uses):</u>				
Loan Proceeds	500,000	-	-	500,000
Transfers In	-	-	160,798	160,798
Transfers Out	(163,200)	-	-	(163,200)
Total Other Financing Sources (Uses)	<u>336,800</u>	<u>-</u>	<u>160,798</u>	<u>497,598</u>
Changes in Fund Balances	285,012	(1,275,232)	62,948	(927,272)
Fund Balances (Deficit) at Beginning of Year	2,503,326	1,325,684	(3,361)	3,825,649
Fund Balances at End of Year	<u>\$ 2,788,338</u>	<u>\$ 50,452</u>	<u>\$ 59,587</u>	<u>\$ 2,898,377</u>

**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, 2014**

Changes in Fund Balances - Total Governmental Funds \$ (927,272)

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	1,587,822	
Depreciation	<u>(478,140)</u>	
		1,109,682

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. (25,223)

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

Delinquent Property Taxes	(65,712)	
Intergovernmental	(20,707)	
Rent	<u>(130)</u>	
		(86,549)

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

Loans	135,737	
Notes	124,550	
Capital Leases	<u>55,337</u>	
		315,624

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position. (407)

Loan proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position. (500,000)

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. 38,694

Change in Net Position of Governmental Activities \$ (75,451)

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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Revenues:				
Property Taxes	\$ 3,562,130	\$ 3,561,730	\$ 3,811,903	\$ 250,173
Payment in Lieu of Taxes	9,490	7,000	7,000	-
Intergovernmental	6,348,200	5,455,643	6,386,488	930,845
Interest	1,800	1,675	891	(784)
Tuition and Fees	-	-	1,661	1,661
Rent	30,000	26,045	28,280	2,235
Gifts and Donations	1,635	1,436	1,000	(436)
Other	826,760	243,940	229,905	(14,035)
Total Revenues	10,780,015	9,297,469	10,467,128	1,169,659
Expenditures:				
Current:				
Instruction:				
Regular	423,741	408,230	366,252	41,978
Vocational	5,257,908	5,211,881	5,365,822	(153,941)
Support Services:				
Pupils	511,434	493,237	457,820	35,417
Instructional Staff	355,252	199,741	172,062	27,679
Board of Education	109,035	133,501	126,532	6,969
Administration	1,108,521	1,165,513	1,104,301	61,212
Fiscal	440,673	458,564	434,449	24,115
Business	186,417	179,011	156,886	22,125
Operation and Maintenance of Plant	1,241,575	1,256,373	1,193,330	63,043
Pupil Transportation	6,281	6,042	5,255	787
Central	1,013,447	969,607	799,607	170,000
Non-Instructional Services	629	2,273	2,153	120
Extracurricular Activities	60,982	60,982	61,102	(120)
Capital Outlay	506,531	480,390	350,879	129,511
Debt Service:				
Principal Retirement	135,737	135,737	135,737	-
Interest and Fiscal Charges	15,628	15,628	15,628	-
Wellness Activities				
Special Instruction	618	618	3,068	(2,450)
Total Expenditures	11,374,409	11,177,328	10,750,883	426,445
Excess of Revenues Under Expenditures	(594,394)	(1,879,859)	(283,755)	1,596,104
Other Financing Sources (Uses):				
Loan Proceeds	-	-	500,000	500,000
Refund of Prior Year Expenditures	5,000	5,000	24,343	19,343
Advances In	38,762	38,762	38,762	-
Advances Out	-	(197,748)	(197,748)	-
Transfers Out	(191,168)	(191,168)	(163,200)	27,968
Total Other Financing Sources (Uses)	(147,406)	(345,154)	202,157	547,311
Changes in Fund Balance	(741,800)	(2,225,013)	(81,598)	2,143,415
Fund Balance at Beginning of Year	1,936,013	1,936,013	1,936,013	-
Prior Year Encumbrances Appropriated	262,556	262,556	262,556	-
Fund Balance (Deficit) at End of Year	\$ 1,456,769	\$ (26,444)	\$ 2,116,971	\$ 2,143,415

See Accompanying Notes to the Basic Financial Statements

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

**STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2014**

	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Assets:</u>			
<u>Current Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 3,319	\$ 97,896	\$ 101,215
Accounts Receivable	23,603	-	23,603
Intergovernmental Receivable	40,652	16,635	57,287
Inventory Held for Resale	-	1,107	1,107
Materials and Supplies Inventory	-	673	673
Total Current Assets	<u>67,574</u>	<u>116,311</u>	<u>183,885</u>
<u>Non-Current Assets:</u>			
Depreciable Capital Assets, Net	<u>455,069</u>	<u>110,317</u>	<u>565,386</u>
Total Assets	<u>522,643</u>	<u>226,628</u>	<u>749,271</u>
<u>Liabilities:</u>			
<u>Current Liabilities:</u>			
Accounts Payable	4,993	-	4,993
Accrued Wages and Benefits Payable	52,961	24,826	77,787
Intergovernmental Payable	20,478	7,183	27,661
Interfund Payable	197,748	-	197,748
Compensated Absences Payable	2,790	-	2,790
Capital Leases Payable	6,316	-	6,316
Total Current Liabilities	<u>285,286</u>	<u>32,009</u>	<u>317,295</u>
<u>Non-Current Liabilities</u>			
Compensated Absences Payable	31,942	-	31,942
Capital Leases Payable	3,047	-	3,047
Total Non-Current Liabilities	<u>34,989</u>	<u>-</u>	<u>34,989</u>
Total Liabilities	<u>320,275</u>	<u>32,009</u>	<u>352,284</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	445,706	110,317	556,023
Unrestricted (Deficit)	(243,338)	84,302	(159,036)
Total Net Position	<u>\$ 202,368</u>	<u>\$ 194,619</u>	<u>\$ 396,987</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 FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Adult Education	Other Enterprise	Total Enterprise Funds
<u>Operating Revenues:</u>			
Sales	\$ -	\$ 206,361	\$ 206,361
Charges for Services	1,229,792	-	1,229,792
Other Operating Revenues	35,124	317	35,441
Total Operating Revenues	<u>1,264,916</u>	<u>206,678</u>	<u>1,471,594</u>
<u>Operating Expenses:</u>			
Salaries	884,153	96,498	980,651
Fringe Benefits	277,367	43,476	320,843
Purchased Services	252,636	2,023	254,659
Materials and Supplies	156,719	95,219	251,938
Cost of Sales	-	134,041	134,041
Other Operating Expenses	25,450	-	25,450
Depreciation	20,769	4,404	25,173
Total Operating Expenses	<u>1,617,094</u>	<u>375,661</u>	<u>1,992,755</u>
Operating Loss	<u>(352,178)</u>	<u>(168,983)</u>	<u>(521,161)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Grants	169,738	156,795	326,533
Interest Revenue	-	61	61
Interest Expense	(1,278)	-	(1,278)
Total Non-Operating Revenues (Expenses)	<u>168,460</u>	<u>156,856</u>	<u>325,316</u>
Loss Before Contributions and Transfers	(183,718)	(12,127)	(195,845)
Capital Contributions	182,189	21,367	203,556
Transfers In	-	2,402	2,402
Changes in Net Position	(1,529)	11,642	10,113
Net Position at Beginning of Year	203,897	182,977	386,874
Net Position at End of Year	<u>\$ 202,368</u>	<u>\$ 194,619</u>	<u>\$ 396,987</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, 2014**

	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	\$ 1,188,552	\$ 207,090	\$ 1,395,642
Cash Received from Other Revenues	35,124	317	35,441
Cash Payments for Salaries	(883,280)	(95,040)	(978,320)
Cash Payments for Fringe Benefits	(274,995)	(43,025)	(318,020)
Cash Payments for Goods and Services	(409,604)	(231,440)	(641,044)
Cash Payments for Other Expenses	(25,950)	-	(25,950)
Net Cash Used for Operating Activities	<u>(370,153)</u>	<u>(162,098)</u>	<u>(532,251)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Grants	167,426	140,160	307,586
Cash Received from Advances In	197,748	-	197,748
Cash Received from Transfers In	-	2,402	2,402
Net Cash Provided by Noncapital Financing Activities	<u>365,174</u>	<u>142,562</u>	<u>507,736</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Cash Payments for Lease Principal	(6,821)	-	(6,821)
Cash Payments for Lease Interest	(1,278)	-	(1,278)
Net Cash Used for Capital and Related Financing Activities	<u>(8,099)</u>	<u>-</u>	<u>(8,099)</u>
<u>Cash Flows from Investing Activities</u>			
Cash Received from Interest	-	61	61
Net Decrease in Cash and Cash Equivalents	(13,078)	(19,475)	(32,553)
Cash and Cash Equivalents at Beginning of Year	16,397	117,371	133,768
Cash and Cash Equivalents at End of Year	<u>3,319</u>	<u>97,896</u>	<u>101,215</u>
<u>Reconciliation of Operating Loss</u>			
<u>to Net Cash Used for Operating Activities:</u>			
Operating Loss	(352,178)	(168,983)	(521,161)
<u>Adjustments to Reconcile Operating Loss</u>			
<u>to Net Cash Used for Operating Activities:</u>			
Depreciation	20,769	4,404	25,173
<u>Changes in Assets and Liabilities:</u>			
(Increase) Decrease in Accounts Receivable	(19,197)	729	(18,468)
Increase in Intergovernmental Receivable	(22,043)	-	(22,043)
Increase in Inventory Held for Resale	-	(72)	(72)
Increase in Materials and Supplies Inventory	-	(85)	(85)
Decrease in Accounts Payable	(749)	-	(749)
Increase (Decrease) in Accrued Wages and Benefits Payable	(547)	2,895	2,348
Increase (Decrease) in Intergovernmental Payable	2,258	(986)	1,272
Increase in Compensated Absences Payable	1,534	-	1,534
Net Cash Used for Operating Activities	<u>\$ (370,153)</u>	<u>\$ (162,098)</u>	<u>\$ (532,251)</u>

Non-cash Capital Transactions

In fiscal year 2014, the Adult Education and Other enterprise funds received contributions of capital assets from governmental funds, in the amount of \$182,189 and 21,367, respectively.

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, 2014**

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 82,658	\$ 14,584
Notes Receivable	2,479	-
Total Assets	85,137	\$ 14,584
<u>Liabilities:</u>		
Undistributed Assets	-	\$ 4,827
Due to Students	-	9,757
Total Liabilities	-	\$ 14,584
<u>Net Position:</u>		
Held in Trust for Scholarships	34,886	
Endowments	50,251	
Total Net Position	\$ 85,137	

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, 2014**

<u>Additions:</u>	
Interest	\$ 77
Gifts and Donations	2,750
Other	<u>275</u>
Total Additions	<u>3,102</u>
 <u>Deductions:</u>	
Non-Instructional Services	<u>2,800</u>
 Change in Net Position	 302
 Net Position at Beginning of Year	 <u>84,835</u>
Net Position at End of Year	<u><u>\$ 85,137</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1974. The School District serves Marion and the surrounding counties. It is staffed by thirty classified employees, fifty-one certified teaching personnel, and eight administrative employees who provide services to five hundred fifty-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 ensure 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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District. 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 Schools of Ohio Risk Sharing Authority, 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 21 and 22 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Tri-Rivers Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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, 2014
(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, 2014
(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, 2014
(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 changes 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, 2014
(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 2014.

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, 2014, but which were levied to finance fiscal year 2015 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 and delinquent property taxes. 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, 2014
(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 2014, the School District had no investments.

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 2014 was \$891, which includes \$109 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, 2014
(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, 2014
(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 financial 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:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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.

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. Capital Contributions

Capital contributions arise from contributions of capital assets from other funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

P. Interfund Transactions

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

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

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.

Q. Estimates

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

Note 3 - Compliance

The General Fund and the Adult Education enterprise fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2014, in the amount of \$26,444 and \$90,660, respectively. The Treasurer will monitor expenditures to ensure they are within appropriations and appropriations to ensure they are within available resources.

Note 4 - 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).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 4 - Budgetary Basis of Accounting (Continued)

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

Changes in Fund Balance	
GAAP Basis	\$285,012
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2013, Received in Cash FY 2014	1,143,527
Accrued FY 2014, Not Yet Received in Cash	(1,181,706)
Accrued FY 2013, Paid in Cash FY 2014	(933,925)
Accrued FY 2014, Not Yet Paid in Cash	936,891
Materials and Supplies Inventory	(4,126)
Advances In	38,762
Advances Out	(197,748)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(168,285)
Budget Basis	<u>(\$81,598)</u>

Note 5 - Deposits and Investments

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 5 - Deposits and Investments (Continued)

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$2,342,145 of the School District's bank balance of \$3,092,145 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 6 - Receivables

Receivables at June 30, 2014, 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	
Other Governmental Funds	
Preschool	<u>\$4,400</u>
Business-Type Activities	
Adult Education	\$40,652
Other Business-Type Funds	
Food Service	<u>16,635</u>
Total Business-Type Activities	<u>\$57,287</u>

Note 7 - 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 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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.

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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 7 - Property Taxes (Continued)

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2014, 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, 2014, was \$1,179,470 in the General Fund. The amount available as an advance at June 30, 2013, was \$1,140,417 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 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,584,840,620	94.38%	\$1,711,264,300	94.48%
Public Utility	94,345,230	5.62	99,943,560	5.52
Total Assessed Value	\$1,679,185,850	100.00%	\$1,811,207,860	100.00%
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

Note 8 - 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, 2014
(Continued)**

Note 9 - Capital Assets

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

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$241,082	\$0	\$0	\$241,082
Construction in Progress	1,402,881	858,847	(2,261,728)	0
Total Nondepreciable Capital Assets	1,643,963	858,847	(2,261,728)	241,082
Depreciable Capital Assets				
Land Improvements	412,591	0	0	412,591
Buildings and Building Improvements	8,930,978	2,058,172	0	10,989,150
Furniture, Fixtures, and Equipment	1,859,233	899,128	(61,774)	2,696,587
Vehicles	172,335	33,403	0	205,738
Total Depreciable Capital Assets	11,375,137	2,990,703	(61,774)	14,304,066
Less Accumulated Depreciation				
Land Improvements	(394,055)	(6,355)	0	(400,410)
Buildings and Building Improvements	(4,585,607)	(212,311)	0	(4,797,918)
Furniture, Fixtures, and Equipment	(536,304)	(241,003)	36,551	(740,756)
Vehicles	(44,514)	(18,471)	0	(62,985)
Total Accumulated Depreciation	(5,560,480)	(478,140)	36,551	(6,002,069)
Depreciable Capital Assets, Net	5,814,657	2,512,563	(25,223)	8,301,997
Governmental Activities Capital Assets, Net	\$7,458,620	\$3,371,410	(\$2,286,951)	\$8,543,079
Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$780,832	\$203,556	\$0	\$984,388
Furniture, Fixtures, and Equipment	67,406	0	0	67,406
Total Depreciable Capital Assets	848,238	203,556	0	1,051,794
Less Accumulated Depreciation				
Buildings and Building Improvements	(421,284)	(18,075)	0	(439,359)
Furniture, Fixtures, and Equipment	(39,951)	(7,098)	0	(47,049)
Total Accumulated Depreciation	(461,235)	(25,173)	0	(486,408)
Business-Type Activities Capital Assets, Net	\$387,003	\$178,383	\$0	\$565,386

The Adult Education and Other enterprise funds accepted a contribution of capital assets from governmental funds with a fair value of \$182,189 and \$21,367, during fiscal year 2014.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 9 - Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$376,045
Support Services:	
Pupils	6,271
Instructional Staff	3,307
Administration	8,307
Fiscal	1,653
Business	4,959
Operation and Maintenance of Plant	27,812
Pupil Transportation	13,407
Central	36,379
Total Depreciation Expense	<u>\$478,140</u>

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Food Service	<u>\$4,404</u>

Note 10 - Interfund Assets/Liabilities

At June 30, 2014, the General Fund had an interfund receivable, in the amount of \$197,748, for a loan made to provide cash flow resources to the Adult Education enterprise fund. The loan is expected to be collected within one year.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted for the following insurance coverage:

Coverage provided by The Schools of Ohio Risk Sharing Authority is as follows:	
Building and Contents	\$39,539,020
General School District Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 11 - Risk Management (Continued)

For fiscal year 2014, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with the SORSA for insurance coverage and pays annual premiums to the SORSA based on the types and limits of coverage and deductibles selected by the participant.

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 12 - 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.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 12 - Defined Benefit Pension Plans (Continued)

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

Funding Policy - 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, 2014, 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 \$556,672 and \$26,750 for the fiscal year ended June 30, 2014, \$566,896 and \$19,774 for the fiscal year ended June 30, 2013, and \$623,521 and \$20,809 for the fiscal year ended June 30, 2012. For fiscal year 2014, 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 2013 and 2012.

The contribution to STRS Ohio for the DCP for fiscal year 2014 was \$12,414 made by the School District and \$9,754 made by the plan members. In addition, member contributions of \$21,018 were made for fiscal year 2014 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.

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, 2014, 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, 2014, 2013, and 2012 was \$118,176, \$126,249, and \$123,347, respectively. The full amount has been contributed for all three fiscal years.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 12 - Defined Benefit Pension Plans (Continued)

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, 2014, eight of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - 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 2014, 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, 2014, 2013, and 2012 was \$45,834, \$46,037, and \$50,345, respectively. For fiscal year 2014, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current 1 percent allocation to the Health Care Plan effective July 1, 2014.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 13 - Postemployment Benefits (Continued)

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 2014, .14 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 2014, this amount was \$20,250. For fiscal year 2014, the School District paid \$9,974 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, 2014, 2013, and 2012 was \$1,263, \$1,542, and \$5,342, 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 2014, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 was \$6,856, \$7,132, and \$7,284, respectively. The full amount has been contributed for all three fiscal years.

Note 14 - Other Employee Benefits

A. Compensated Absences

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 14 - Other Employee Benefits (Continued)

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, 2014, there was no liability for separation benefits.

Note 15 - Long-Term Obligations

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

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14	Amounts Due Within One Year
Governmental Activities					
General Obligations					
Equipment Loan 3.10%	\$341,008	\$0	\$71,738	\$269,270	\$73,988
Equipment Loan 1.87%	0	500,000	63,999	436,001	105,713
Energy Conservation Notes FY 2013 2.65%	1,118,800	0	74,550	1,044,250	61,790
Equipment Acquisition Notes FY 2013 2.00%	500,000	0	50,000	450,000	45,000
Total General Obligations	1,959,808	500,000	260,287	2,199,521	286,491
Compensated Absences Payable	293,375	30,514	69,208	254,681	23,104
Capital Leases Payable	195,773	0	55,337	140,436	64,840
Total Governmental Activities Long-Term Obligations	\$2,448,956	\$530,514	\$384,832	\$2,594,638	\$374,435
Business-Type Activities					
Compensated Absences Payable	\$33,198	\$4,767	\$3,233	\$34,732	\$2,790
Capital Leases Payable	16,184	0	6,821	9,363	6,316
Total Business-Type Activities Long-Term Obligations	\$49,382	\$4,767	\$10,054	\$44,095	\$9,106

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.

Equipment Loan - On September 10, 2013, the School District obtained a loan, in the amount of \$500,000, to acquire equipment. The loan was obtained for a five-year period, with final maturity in fiscal year 2019. The loan is being retired through the General Fund. The entire amount of the loan has been capitalized.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 15 - Long-Term Obligations (Continued)

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, \$50,452 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. The entire amount of the notes 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 \$152,858,516 with an unvoted debt margin of \$555,993 at June 30, 2014.

Principal requirements to retire the general obligation debt outstanding at June 30, 2014, were as follows:

Fiscal Year Ending	Loans Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2015	\$179,701	\$15,341	\$106,790	\$35,404
2016	175,807	10,498	108,430	32,845
2017	180,078	6,229	115,110	30,191
2018	143,560	2,007	116,830	27,443
2019	26,125	81	118,600	24,649
2020-2024	0	0	581,270	79,718
2025-2028	0	0	347,220	19,216
	<u>\$705,271</u>	<u>\$34,156</u>	<u>\$1,494,250</u>	<u>\$249,466</u>

Note 16 - 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 2014 were \$55,337 for governmental funds and \$6,821 for enterprise funds.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$286,980	\$30,000
Less Accumulated Depreciation	(175,522)	(22,000)
Total June 30, 2014	<u>\$111,458</u>	<u>\$8,000</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 16 - Capital Leases - Lessee Disclosure (Continued)

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, 2014.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$64,840	\$18,300	\$6,316	\$541
2016	68,851	7,154	3,047	69
2017	6,745	119	0	0
Total	<u>\$140,436</u>	<u>\$25,573</u>	<u>\$9,363</u>	<u>\$610</u>

Note 17 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the 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 2014.

	<u>Capital Improvements</u>
Balance June 30, 2013	\$0
Current Year Set Aside Requirement	92,191
Qualifying Expenditures	<u>(92,191)</u>
Balance June 30, 2014	<u>\$0</u>

Note 18 - Interfund Transfers

During fiscal year 2014, the General Fund made transfers to other governmental funds, in the amount of \$160,798, as debt payments came due. The General Fund also made transfers to the Rotary enterprise fund, in the amount of \$2,402, to support the preschool program.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 19 - 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	\$60,519	\$0	\$0	\$60,519
Restricted for:				
Adult Education	0	0	34,413	34,413
Capital Improvements	0	50,452	0	50,452
Career Development	0	0	5,137	5,137
Professional Development	0	0	9,532	9,532
Student Assistance	0	0	1,073	1,073
Vocational Instruction	0	0	9,432	9,432
Total Restricted	0	50,452	59,587	110,039
Assigned for:				
Projected Budget Shortage	2,598,040	0	0	2,598,040
Unpaid Obligations	128,392	0	0	128,392
Wellness Activities	1,011	0	0	1,011
Total Assigned	2,727,443	0	0	2,727,443
Unassigned	376	0	0	376
Total Fund Balance	\$2,788,338	\$50,452	\$59,587	\$2,898,377

Note 20 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$50,251, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$34,886 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 21 - Jointly Governed Organization

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of 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 2014, the School District paid \$48,556 to TRECA for various services. Financial information can be obtained from TRECA, 100 Executive Drive, Marion, Ohio 43302.

Note 22 - Insurance Pools

A. Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 775 Yard Street, Suite 200, Grandview Heights, Ohio 43212.

B. 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.

C. 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.

TRI-RIVERS JOINT VOCATIONAL SCHOOL DISTRICT
MARION COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Note 23 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

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

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Nutrition Cluster:</u>			
Cash Assistance:			
School Breakfast Program	10.553	\$ 21,754	\$ 21,754
National School Lunch Program	10.555	<u>106,320</u>	<u>106,320</u>
Cash Assistance Subtotal:		<u>128,074</u>	<u>128,074</u>
Total Nutrition Cluster		<u>128,074</u>	<u>128,074</u>
Child and Adult Care Food Program	10.558	<u>10,233</u>	<u>10,233</u>
Total U.S. Department of Agriculture		<u>138,307</u>	<u>138,307</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Student Financial Assistance Cluster:</u>			
Federal Pell Grant Program	84.063	245,710	245,710
Federal Direct Student Loans	84.268	<u>522,758</u>	<u>522,758</u>
Total Student Financial Assistance Cluster		<u>768,468</u>	<u>768,468</u>
Rural Education	84.358	56,226	56,226
<i>Passed Through the Ohio Department of Education:</i>			
Improving Teacher Quality State Grants	84.367	2,191	2,191
Career and Technical Education-Basic Grants to States	84.048	257,119	257,119
<i>Passed Through Madison Local School District:</i>			
Career and Technical Education-Basic Grants to States	84.048	<u>76,272</u>	<u>79,227</u>
Total U.S. Department of Education		<u>1,160,276</u>	<u>1,163,231</u>
TOTAL FEDERAL AWARDS		<u>\$ 1,298,583</u>	<u>\$ 1,301,538</u>

The accompanying notes are an integral part of this schedule.

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Tri-Rivers Joint Vocational School District's (the School 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 School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School 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 Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School 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 School 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 School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School 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 School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2014.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275

www.ohioauditor.gov

Report on Internal Control Over Compliance

The School 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 School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School 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 15, 2014

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

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

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(a)?	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
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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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
DECEMBER 30, 2014**