



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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups .....	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds .....	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds .....	7
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types and Non-Expendable Trust Funds .....	10
Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Non-Expendable Trust Funds .....	12
Combined Statement of Cash Flows - All Proprietary Fund Types and Non-Expendable Trust Funds .....	14
Statement of Changes in Net Assets .....	16
Notes to the General Purpose Financial Statements .....	17
Schedule of Federal Awards Receipts and Expenditures .....	47
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	48
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	49
Report of Independent Accountants on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance In Accordance With OMB Circular A-133 .....	51
Schedule of Findings .....	53

**THIS PAGE INTENTIONALLY LEFT BLANK**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Tri-Rivers Joint Vocational School District, Marion County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**JIM PETRO**  
Auditor of State

December 20, 2001

**Tri-Rivers Joint Vocational School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2001**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>Assets and Other Debits:</u>										
<u>Assets:</u>										
Equity in Pooled Cash and Cash Equivalents	\$1,520,549	\$74,359	\$130	\$3,807	\$119,683	\$152,115	\$60,634	\$0	\$0	\$1,931,277
Receivables:										
Property Taxes	4,227,491	0	0	0	0	0	0	0	0	4,227,491
Accounts	1,621	150	0	0	11,880	0	0	0	0	13,651
Intergovernmental	14,734	73,834	0	0	52,822	0	0	0	0	141,390
Interfund	70,713	0	0	0	0	0	0	0	0	70,713
Notes	0	0	0	0	0	0	1,896	0	0	1,896
Prepaid Items	17,912	238	0	0	837	0	0	0	0	18,987
Inventory Held for Resale	0	0	0	0	415	0	0	0	0	415
Materials and Supplies Inventory	79,186	0	0	0	0	0	0	0	0	79,186
Advances to Other Funds	46,021	0	0	0	0	0	0	0	0	46,021
Fixed Assets (net of accumulated depreciation)	0	0	0	0	89,727	2,221	0	6,457,371	0	6,549,319
<u>Other Debits:</u>										
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0	0	0	0	0	130	130
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	0	0	2,223,818	2,223,818
<b>Total Assets and Other Debits</b>	<b>\$5,978,227</b>	<b>\$148,581</b>	<b>\$130</b>	<b>\$3,807</b>	<b>\$275,364</b>	<b>\$154,336</b>	<b>\$62,530</b>	<b>\$6,457,371</b>	<b>\$2,223,948</b>	<b>\$15,304,294</b>

(continued)

**Tri-Rivers Joint Vocational School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2001  
(continued)**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>Liabilities, Fund Equity, and Other Credits:</u>										
<u>Liabilities:</u>										
Accounts Payable	\$238,630	\$3,804	\$0	\$0	\$30,494	\$416	\$0	\$0	\$0	\$273,344
Accrued Wages and Benefits	662,887	5,650	0	0	42,636	0	0	0	0	711,173
Compensated Absences Payable	4,108	0	0	0	13,508	0	0	0	238,108	255,724
Intergovernmental Payable	118,292	1,499	0	3,000	14,421	0	0	0	4,949	142,161
Interfund Payable	0	62,120	0	0	8,593	0	0	0	0	70,713
Deferred Revenue	3,294,515	5,852	0	0	415	0	0	0	0	3,300,782
Undistributed Assets	0	0	0	0	0	0	1,423	0	0	1,423
Due to Students	0	0	0	0	0	0	17,747	0	0	17,747
Claims Payable	0	0	0	0	0	185,281	0	0	0	185,281
Advances from Other Funds	0	0	0	0	46,021	0	0	0	0	46,021
Capital Leases Payable	0	0	0	0	0	0	0	0	937,560	937,560
School Facilities Loan Payable	0	0	0	0	0	0	0	0	352,331	352,331
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	691,000	691,000
Total Liabilities	<u>4,318,432</u>	<u>78,925</u>	<u>0</u>	<u>3,000</u>	<u>156,088</u>	<u>185,697</u>	<u>19,170</u>	<u>0</u>	<u>2,223,948</u>	<u>6,985,260</u>
<u>Fund Equity and Other Credits:</u>										
Investment in General Fixed Assets	0	0	0	0	0	0	0	6,457,371	0	6,457,371
<u>Retained Earnings:</u>										
Unreserved (Deficit)	0	0	0	0	110,829	(31,361)	0	0	0	79,468
Contributed Capital	0	0	0	0	8,447	0	0	0	0	8,447
<u>Fund Balance:</u>										
Reserved for Property Taxes	903,826	0	0	0	0	0	0	0	0	903,826
Reserved for Notes Receivable	0	0	0	0	0	0	1,896	0	0	1,896
Reserved for Inventory	79,186	0	0	0	0	0	0	0	0	79,186
Reserved for Advances	46,021	0	0	0	0	0	0	0	0	46,021
Reserved for Contributions	0	0	0	0	0	0	29,251	0	0	29,251
Reserved for Encumbrances	67,215	17,402	130	0	0	0	0	0	0	84,747
Designated for Textbooks	194,766	0	0	0	0	0	0	0	0	194,766
Designated for Capital Improvements	211,227	0	0	0	0	0	0	0	0	211,227
Unreserved, Undesignated	157,554	52,254	0	807	0	0	12,213	0	0	222,828
Total Fund Equity (Deficit) and Other Credits	<u>1,659,795</u>	<u>69,656</u>	<u>130</u>	<u>807</u>	<u>119,276</u>	<u>(31,361)</u>	<u>43,360</u>	<u>6,457,371</u>	<u>0</u>	<u>8,319,034</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$5,978,227</u>	<u>\$148,581</u>	<u>\$130</u>	<u>\$3,807</u>	<u>\$275,364</u>	<u>\$154,336</u>	<u>\$62,530</u>	<u>\$6,457,371</u>	<u>\$2,223,948</u>	<u>\$15,304,294</u>

See Accompanying Notes to the General Purpose Financial Statements



**Tri-Rivers Joint Vocational School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Revenues:</b>						
Property Taxes	\$4,034,429	\$0	\$0	\$0	\$0	\$4,034,429
Intergovernmental	4,911,669	624,751	0	3,000	0	5,539,420
Interest	130,516	0	0	585	142	131,243
Rent	14,586	0	0	0	0	14,586
Extracurricular Activities	667	0	0	0	0	667
Gifts and Donations	1,660	14,205	0	0	1,766	17,631
Miscellaneous	111,235	11,216	0	0	112	122,563
Total Revenues	<u>9,204,762</u>	<u>650,172</u>	<u>0</u>	<u>3,585</u>	<u>2,020</u>	<u>9,860,539</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	160,843	0	0	0	0	160,843
Vocational	4,969,498	126,080	0	0	0	5,095,578
Adult/Continuing	12,287	36,120	0	0	986	49,393
<b>Support Services:</b>						
Pupils	362,647	311,925	0	0	0	674,572
Instructional Staff	450,567	67,937	0	0	0	518,504
Board of Education	69,282	0	0	0	0	69,282
Administration	578,886	14,305	0	0	0	593,191
Fiscal	318,589	0	0	0	0	318,589
Business	207,903	0	0	0	0	207,903
Operation and Maintenance of Plant	879,512	0	0	13,216	0	892,728
Pupil Transportation	10,556	0	0	0	0	10,556
Central	107,487	41,921	0	3,000	0	152,408
Non-Instructional Services	14,627	0	0	0	0	14,627
Extracurricular Activities	30,727	0	0	0	0	30,727
Capital Outlay	1,313,091	0	0	54,346	0	1,367,437
<b>Debt Service:</b>						
Principal Retirement	409,427	0	108,870	0	0	518,297
Interest and Fiscal Charges	4,213	0	43,805	0	0	48,018
Total Expenditures	<u>9,900,142</u>	<u>598,288</u>	<u>152,675</u>	<u>70,562</u>	<u>986</u>	<u>10,722,653</u>
Excess of Revenues Over (Under) Expenditures	<u>(695,380)</u>	<u>51,884</u>	<u>(152,675)</u>	<u>(66,977)</u>	<u>1,034</u>	<u>(862,114)</u>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	0	0	152,805	6,448	0	159,253
Operating Transfers Out	(281,055)	0	0	0	0	(281,055)
Inception of Capital Lease	<u>1,200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,200,000</u>
Total Other Financing Sources (Uses)	<u>918,945</u>	<u>0</u>	<u>152,805</u>	<u>6,448</u>	<u>0</u>	<u>1,078,198</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	223,565	51,884	130	(60,529)	1,034	216,084
Fund Balances at Beginning of Year - Restated Note 4	1,423,334	17,772	0	61,336	4,021	1,506,463
Increase in Reserve for Inventory	<u>12,896</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,896</u>
Fund Balances at End of Year	<u>\$1,659,795</u>	<u>\$69,656</u>	<u>\$130</u>	<u>\$807</u>	<u>\$5,055</u>	<u>\$1,735,443</u>

See Accompanying Notes to the General Purpose Financial Statements

**THIS PAGE INTENTIONALLY LEFT BLANK**

**Tri-Rivers Joint Vocational School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$3,959,408	\$3,959,408	\$0	\$0	\$0	\$0
Intergovernmental	4,913,848	4,911,669	(2,179)	568,619	568,619	0
Interest	140,000	135,324	(4,676)	0	0	0
Rent	15,000	14,367	(633)	0	0	0
Extracurricular Activities	667	667	0	0	0	0
Gifts and Donations	1,660	1,660	0	14,205	14,205	0
Miscellaneous	59,351	59,712	361	1,775	1,775	0
Total Revenues	<u>9,089,934</u>	<u>9,082,807</u>	<u>(7,127)</u>	<u>584,599</u>	<u>584,599</u>	<u>0</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	159,291	159,291	0	0	0	0
Vocational	5,113,426	5,113,426	0	139,148	127,836	11,312
Adult/Continuing	11,436	11,436	0	36,358	36,358	0
Support Services:						
Pupils	370,054	370,054	0	325,158	325,158	0
Instructional Staff	453,882	453,882	0	69,015	69,015	0
Board of Education	78,558	78,558	0	0	0	0
Administration	585,756	585,756	0	14,358	14,358	0
Fiscal	329,031	329,031	0	0	0	0
Business	237,380	237,380	0	0	0	0
Operation and Maintenance of Plant	952,091	940,792	11,299	0	0	0
Pupil Transportation	10,563	10,563	0	0	0	0
Central	112,545	112,545	0	41,773	41,773	0
Non-Instructional Services	14,764	14,764	0	0	0	0
Extracurricular Activities	31,258	31,241	17	0	0	0
Capital Outlay	292,715	292,445	270	0	0	0
Debt Service:						
Principal Retirement	306,482	306,482	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>9,059,232</u>	<u>9,047,646</u>	<u>11,586</u>	<u>625,810</u>	<u>614,498</u>	<u>11,312</u>
Excess of Revenues Over (Under) Expenditures	<u>30,702</u>	<u>35,161</u>	<u>4,459</u>	<u>(41,211)</u>	<u>(29,899)</u>	<u>11,312</u>
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	80,406	82,265	1,859	10,000	10,000	0
Refund of Prior Year Receipts	(169)	(169)	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(322,078)	(281,055)	41,023	0	0	0
Advances In	59,863	59,194	(669)	62,120	62,120	0
Advances Out	(70,713)	(70,713)	0	(58,881)	(58,881)	0
Total Other Financing Sources (Uses)	<u>(252,691)</u>	<u>(210,478)</u>	<u>42,213</u>	<u>13,239</u>	<u>13,239</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(221,989)</u>	<u>(175,317)</u>	<u>46,672</u>	<u>(27,972)</u>	<u>(16,660)</u>	<u>11,312</u>
Fund Balances at Beginning of Year	707,827	707,827	0	46,389	46,389	0
Prior Year Encumbrances Appropriated	567,431	567,431	0	23,842	23,842	0
Fund Balances at End of Year	<u>\$1,053,269</u>	<u>\$1,099,941</u>	<u>\$46,672</u>	<u>\$42,259</u>	<u>\$53,571</u>	<u>\$11,312</u>

(continued)

**Tri-Rivers Joint Vocational School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**  
(continued)

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	3,000	3,000	0
Interest	0	0	0	585	585	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<b>Total Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,585</b>	<b>3,585</b>	<b>0</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/Continuing	0	0	0	0	0	0
<b>Support Services:</b>						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	0	0	0
Business	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	13,216	13,216	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	54,346	54,346	0
<b>Debt Service:</b>						
Principal Retirement	109,000	109,000	0	0	0	0
Interest and Fiscal Charges	43,805	43,805	0	0	0	0
<b>Total Expenditures</b>	<b>152,805</b>	<b>152,805</b>	<b>0</b>	<b>67,562</b>	<b>67,562</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(152,805)</b>	<b>(152,805)</b>	<b>0</b>	<b>(63,977)</b>	<b>(63,977)</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Operating Transfers In	152,805	152,805	0	6,448	6,448	0
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>152,805</b>	<b>152,805</b>	<b>0</b>	<b>6,448</b>	<b>6,448</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(57,529)</b>	<b>(57,529)</b>	<b>0</b>
Fund Balances at Beginning of Year	0	0	0	13,438	13,438	0
Prior Year Encumbrances Appropriated	0	0	0	47,898	47,898	0
<b>Fund Balances at End of Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,807</b>	<b>\$3,807</b>	<b>\$0</b>

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,959,408	\$3,959,408	\$0
0	0	0	5,485,467	5,483,288	(2,179)
145	142	(3)	140,730	136,051	(4,679)
0	0	0	15,000	14,367	(633)
0	0	0	667	667	0
1,736	1,766	30	17,601	17,631	30
312	312	0	61,438	61,799	361
<u>2,193</u>	<u>2,220</u>	<u>27</u>	<u>9,680,311</u>	<u>9,673,211</u>	<u>(7,100)</u>
0	0	0	159,291	159,291	0
0	0	0	5,252,574	5,241,262	11,312
1,250	1,250	0	49,044	49,044	0
0	0	0	695,212	695,212	0
0	0	0	522,897	522,897	0
0	0	0	78,558	78,558	0
0	0	0	600,114	600,114	0
0	0	0	329,031	329,031	0
0	0	0	237,380	237,380	0
0	0	0	965,307	954,008	11,299
0	0	0	10,563	10,563	0
0	0	0	154,318	154,318	0
0	0	0	14,764	14,764	0
0	0	0	31,258	31,241	17
0	0	0	347,061	346,791	270
0	0	0	415,482	415,482	0
0	0	0	43,805	43,805	0
<u>1,250</u>	<u>1,250</u>	<u>0</u>	<u>9,906,659</u>	<u>9,883,761</u>	<u>22,898</u>
943	970	27	(226,348)	(210,550)	15,798
0	0	0	90,406	92,265	1,859
0	0	0	(169)	(169)	0
0	0	0	159,253	159,253	0
0	0	0	(322,078)	(281,055)	41,023
0	0	0	121,983	121,314	(669)
0	0	0	(129,594)	(129,594)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(80,199)</u>	<u>(37,986)</u>	<u>42,213</u>
943	970	27	(306,547)	(248,536)	58,011
2,189	2,189	0	769,843	769,843	0
0	0	0	639,171	639,171	0
<u>\$3,132</u>	<u>\$3,159</u>	<u>\$27</u>	<u>\$1,102,467</u>	<u>\$1,160,478</u>	<u>\$58,011</u>

**Tri-Rivers Joint Vocational School District**  
**Combined Statement of Revenues, Expenses, and Changes in Fund Equity**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<u>Operating Revenues:</u>				
Tuition	\$388,558	\$0	\$0	\$388,558
Sales	520,848	0	0	520,848
Charges for Services	0	1,575,275	0	1,575,275
Interest	0	0	2,171	2,171
Other Operating Revenues	8,878	115,700	0	124,578
Total Operating Revenues	<u>918,284</u>	<u>1,690,975</u>	<u>2,171</u>	<u>2,611,430</u>
<u>Operating Expenses:</u>				
Salaries	541,901	0	0	541,901
Fringe Benefits	227,452	0	0	227,452
Purchased Services	210,244	246,095	0	456,339
Materials and Supplies	220,125	0	0	220,125
Cost of Sales	94,903	0	0	94,903
Claims	0	1,289,338	0	1,289,338
Depreciation	17,016	265	0	17,281
Other Operating Expenses	6,255	0	750	7,005
Total Operating Expenses	<u>1,317,896</u>	<u>1,535,698</u>	<u>750</u>	<u>2,854,344</u>
Operating Income (Loss)	<u>(399,612)</u>	<u>155,277</u>	<u>1,421</u>	<u>(242,914)</u>
<u>Non-Operating Revenues (Expenses):</u>				
Interest	118	6,746	0	6,864
Federal Donated Commodities	3,957	0	0	3,957
Operating Grants	220,410	0	0	220,410
Loss on Disposal of Fixed Assets	(2,633)	(228)	0	(2,861)
Total Non-Operating Revenues (Expenses)	<u>221,852</u>	<u>6,518</u>	<u>0</u>	<u>228,370</u>
Income (Loss) Before Operating Transfers	(177,760)	161,795	1,421	(14,544)
Operating Transfers In	<u>121,802</u>	<u>0</u>	<u>0</u>	<u>121,802</u>
Net Income (Loss)	(55,958)	161,795	1,421	107,258
Retained Earnings(Deficit)/Fund Balance at Beginning of Year	<u>166,787</u>	<u>(193,156)</u>	<u>36,884</u>	<u>10,515</u>
Retained Earnings(Deficit)/Fund Balance at End of Year	110,829	(31,361)	38,305	117,773
Contributed Capital at Beginning and End of Year	8,447	0	0	8,447
Total Fund Equity (Deficit) at End of Year	<u>\$119,276</u>	<u>(\$31,361)</u>	<u>\$38,305</u>	<u>\$126,220</u>

See Accompanying Notes to the General Purpose Financial Statements

**THIS PAGE INTENTIONALLY LEFT BLANK**

**Tri-Rivers Joint Vocational School District**  
**Combined Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Budget (Non-GAAP Basis) and Actual**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Enterprise Funds			Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Tuition	\$392,289	\$398,636	\$6,347	\$0	\$0	\$0
Sales	513,302	521,348	8,046	0	0	0
Charges for Services	0	0	0	1,577,734	1,575,275	(2,459)
Interest	95	118	23	6,660	6,746	86
Operating Grants	222,124	216,796	(5,328)	0	0	0
Other Revenues	14,653	8,878	(5,775)	112,829	115,700	2,871
<b>Total Revenues</b>	<b>1,142,463</b>	<b>1,145,776</b>	<b>3,313</b>	<b>1,697,223</b>	<b>1,697,721</b>	<b>498</b>
<b>Expenses:</b>						
Salaries	555,756	551,063	4,693	0	0	0
Fringe Benefits	235,813	232,881	2,932	0	0	0
Purchased Services	195,599	194,774	825	326,814	246,629	80,185
Materials and Supplies	310,580	306,892	3,688	0	0	0
Capital Outlay	24,581	23,711	870	632	447	185
Claims	0	0	0	1,330,073	1,330,073	0
Other Expenses	7,900	7,700	200	0	0	0
<b>Total Expenses</b>	<b>1,330,229</b>	<b>1,317,021</b>	<b>13,208</b>	<b>1,657,519</b>	<b>1,577,149</b>	<b>80,370</b>
Excess of Revenues Over (Under) Expenses	(187,766)	(171,245)	16,521	39,704	120,572	80,868
Operating Transfers In	121,802	121,802	0	0	0	0
Advances In	8,593	8,593	0	0	0	0
Advances Out	(1,242)	(313)	929	0	0	0
Excess of Revenues Over (Under) Expenses, Transfers, and Advances	(58,613)	(41,163)	17,450	39,704	120,572	80,868
Fund Balances at Beginning of Year	119,336	119,336	0	31,143	31,143	0
Prior Year Encumbrances Appropriated	30,991	30,991	0	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$91,714</b>	<b>\$109,164</b>	<b>\$17,450</b>	<b>\$70,847</b>	<b>\$151,715</b>	<b>\$80,868</b>

See Accompanying Notes to the General Purpose Financial Statements



Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$392,289	\$398,636	\$6,347
0	0	0	513,302	521,348	8,046
0	0	0	1,577,734	1,575,275	(2,459)
2,183	2,171	(12)	8,938	9,035	97
0	0	0	222,124	216,796	(5,328)
0	0	0	127,482	124,578	(2,904)
<u>2,183</u>	<u>2,171</u>	<u>(12)</u>	<u>2,841,869</u>	<u>2,845,668</u>	<u>3,799</u>
0	0	0	555,756	551,063	4,693
0	0	0	235,813	232,881	2,932
0	0	0	522,413	441,403	81,010
0	0	0	310,580	306,892	3,688
0	0	0	25,213	24,158	1,055
0	0	0	1,330,073	1,330,073	0
750	750	0	8,650	8,450	200
<u>750</u>	<u>750</u>	<u>0</u>	<u>2,988,498</u>	<u>2,894,920</u>	<u>93,578</u>
1,433	1,421	(12)	(146,629)	(49,252)	97,377
0	0	0	121,802	121,802	0
0	0	0	8,593	8,593	0
0	0	0	(1,242)	(313)	929
1,433	1,421	(12)	(17,476)	80,830	98,306
36,884	36,884	0	187,363	187,363	0
0	0	0	30,991	30,991	0
<u>\$38,317</u>	<u>\$38,305</u>	<u>(\$12)</u>	<u>\$200,878</u>	<u>\$299,184</u>	<u>\$98,306</u>

**Tri-Rivers Joint Vocational School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types and Non-Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2001**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Tuition	\$398,636	\$0	\$0	\$398,636
Cash Received from Customers	521,348	0	0	521,348
Cash Received from Quasi-External Operating Transactions with Other Funds	0	1,575,275	0	1,575,275
Cash Received from Other Revenues	8,878	115,700	0	124,578
Cash Payments for Salaries	(551,063)	0	0	(551,063)
Cash Payments for Fringe Benefits	(232,881)	0	0	(232,881)
Cash Payments for Goods and Services	(498,907)	(246,229)	0	(745,136)
Cash Payments for Claims	0	(1,330,073)	0	(1,330,073)
Cash Payments for Other Expenses	(7,700)	0	(750)	(8,450)
Net Cash Provided by (Used for) Operating Activities	<u>(361,689)</u>	<u>114,673</u>	<u>(750)</u>	<u>(247,766)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Cash Received from Operating Grants	216,796	0	0	216,796
Cash Received from Operating Transfers In	121,802	0	0	121,802
Cash Received from Advances In	8,593	0	0	8,593
Cash Payments for Advances Out	(313)	0	0	(313)
Net Cash Provided by Noncapital Financing Activities	<u>346,878</u>	<u>0</u>	<u>0</u>	<u>346,878</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Cash Payments for Fixed Assets	<u>(15,951)</u>	<u>(447)</u>	<u>0</u>	<u>(16,398)</u>
<u>Cash Flows from Investing Activities:</u>				
Cash Received from Interest	<u>118</u>	<u>6,746</u>	<u>2,171</u>	<u>9,035</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,644)	120,972	1,421	91,749
Cash and Cash Equivalents at Beginning of Year	<u>150,327</u>	<u>31,143</u>	<u>36,884</u>	<u>218,354</u>
Cash and Cash Equivalents at End of Year	<u>\$119,683</u>	<u>\$152,115</u>	<u>\$38,305</u>	<u>\$310,103</u>

(continued)

**Tri-Rivers Joint Vocational School District**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**  
**(continued)**

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Fund Type Non-Expendable Trust	
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	(\$399,612)	\$155,277	\$1,421	(\$242,914)
<u>Adjustments to Reconcile Operating Income (Loss)</u> <u>to Net Cash Provided by (Used For) Operating Activities:</u>				
Depreciation	17,016	265	0	17,281
Donated Commodities Used During Year	3,957	0	0	3,957
Interest Reported as Operating Income	0	0	(2,171)	(2,171)
<u>Changes in Assets and Liabilities:</u>				
Decrease in Accounts Receivable	6,987	0	0	6,987
Decrease in Intergovernmental Receivable	3,591	0	0	3,591
Increase in Prepaid Items	(772)	0	0	(772)
Increase (Decrease) in Accounts Payable	21,261	(134)	0	21,127
Decrease in Accrued Wages and Benefits	(10,305)	0	0	(10,305)
Decrease in Compensated Absences Payable	(4,781)	0	0	(4,781)
Increase in Intergovernmental Payable	1,187	0	0	1,187
Decrease in Due to Other Funds	(218)	0	0	(218)
Decrease in Claims Payable	0	(40,735)	0	(40,735)
Net Cash Provided by (Used for) Operating Activities	<u>(\$361,689)</u>	<u>\$114,673</u>	<u>(\$750)</u>	<u>(\$247,766)</u>

Reconciliation of Non-Expendable Trust Funds Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$60,634
Less Agency Funds	(19,170)
Less Expendable Trust Funds	<u>(3,159)</u>
Cash and Cash Equivalents Non-Expendable Trust Funds	<u>\$38,305</u>

See Accompanying Notes to the General Purpose Financial Statements

**Tri-Rivers Joint Vocational School District  
Statement of Changes in Net Assets  
Fiduciary Fund Type  
For the Fiscal Year Ended June 30, 2001**

	<u>Investment Trust</u>
<u>Revenues:</u>	
Interest	\$0
 <u>Expenses:</u>	
Operating Expenses	<u>0</u>
Net Increase in Assets Resulting from Operations	0
Distributions to Participants	<u>(294,857)</u>
Total Decrease in Net Assets	(294,857)
Net Assets at Beginning of Year	<u>294,857</u>
Net Assets at End of Year	<u><u>\$0</u></u>

See Accompanying Notes to the General Purpose Financial Statements

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**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-six classified employees, one hundred one certified teaching personnel, and eight administrative employees who provide services to eight hundred thirty-five students and other community members. The School District currently operates an instructional/administration building.

Reporting Entity

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

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

The School District participates in the Tri-Rivers Educational Computer Association (TRECA), a jointly governed organization, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance pool. These organizations are presented in Notes 21 and 22 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**General Fund** - The General Fund is the operating fund of the School District and 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.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds** - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Proprietary Fund Types:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

**Enterprise Funds** - Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Internal Service Fund** - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust, non-expendable trust, investment trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable and investment trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** - This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

**General Long-Term Obligations Account Group** - This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund types and the non-expendable and investment trust funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund types, and non-expendable and investment trust funds.

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 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.

Non-exchange 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 non-exchange transactions must also be available before it can be recognized.

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



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than investment trust and agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within a fund are made by the School District Treasurer.

**Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Marion County Budget Commission for rate determination.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2001.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds, except investment trust and agency funds, consistent with statutory provisions.

**Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and expendable trust funds and reported in the notes to the financial statements for proprietary fund types and non-expendable trust funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. 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. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to repurchase agreements and STAR Ohio. Repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

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 2001 was \$130,516, which included \$20,601 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the 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 considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventory**

Inventory in the governmental funds is stated at cost while inventory in the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the proprietary funds consists of donated food and is expensed when used.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of two hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

All fixed assets are depreciated on a straight-line basis over their estimated useful lives. For governmental funds, depreciation does not represent a source or use of financial resources and, therefore, is not recorded within the funds. Depreciation on general fixed assets is recorded in the general fixed assets account group as an increase to accumulated depreciation and a decrease to investment in general fixed assets. In proprietary funds, depreciation is recorded annually as an element in the determination of net income. The estimated useful lives of the School District's various asset categories are as follows:

<u>Asset Category</u>	<u>Useful Lives (Years)</u>
Buildings and Improvements	40
Furniture, Fixtures, and Equipment	10-20
Vehicles	10

Interest incurred during the construction of general fixed assets is not capitalized.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables". Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**I. 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 that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**J. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Capital leases, long-term loans, and bonds are reported as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate fund.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

**L. Fund Balance Reserves and Designations**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance designations are established to indicate tentative plans for financial resource utilization in future periods. Unreserved, undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, notes receivable, inventories of materials and supplies, advances, contributions, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust funds. The designations for textbooks and capital improvements represent resources set aside in excess of those required by State statute.

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. 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.

**O. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available.

**4. RESTATEMENT OF PRIOR YEAR FUND EQUITY**

The restatement for GASB Statements No. 33 and No. 36 had the following effect on fund balance as previously reported as of June 30, 2000.

	Special Revenue
Fund Balance as Previously Reported	\$5,772
Intergovernmental Receivable	12,000
Restated Fund Balance at June 30, 2000	\$17,772

The restatement had no material effect on the excess of revenues under expenditures as previously reported for the fiscal year ended June 30, 2000.

**5. ACCOUNTABILITY**

The following funds had deficit fund balances/retained earnings at June 30, 2001.

Fund Type/Fund	Deficit
Special Revenue Funds	
Public School Preschool	\$4,464
VEPD	854
Enterprise Fund	
Food Service	27,858
Internal Service Fund	
Self Insurance	31,361

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**5 ACCOUNTABILITY (Continued)**

The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

The deficit retained earnings in the Food Service enterprise fund is the result of accumulated operating losses from prior years. The School District is reviewing the operation of this fund.

The deficit retained earnings in the Self Insurance internal service fund is due to accumulated operating losses from prior years. The deficit was significantly reduced from that of the prior fiscal year. The School District will continue its efforts to reduce the deficit.

**6. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Non-Expendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund types and non-expendable trust funds (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. BUDGETARY BASIS OF ACCOUNTING (Continued)**

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types and Expendable Trust Funds

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$223,565	\$51,884	\$130	(\$60,529)	\$1,034
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 2000, Received in Cash FY 2001	908,733	12,559	0	0	0
Accrued FY 2001, Not Yet Received in Cash	(948,423)	(68,132)	0	0	0
Expenditure Accruals:					
Accrued FY 2000, Paid in Cash FY 2001	(948,318)	(6,137)	0	0	0
Accrued FY 2001, Not Yet Paid in Cash	1,023,917	10,953	0	3,000	0
Notes Receivable:					
Additions	0	0	0	0	(1,100)
Reductions	0	0	0	0	1,036
Prepaid Items	(2,664)	(238)	0	0	0
Advances In	59,194	62,120	0	0	0
Advances Out	(70,713)	(58,881)	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(420,608)	(20,788)	(130)	0	0
Budget Basis	<u>(\$175,317)</u>	<u>(\$16,660)</u>	<u>\$0</u>	<u>(\$57,529)</u>	<u>\$970</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Income (Loss)/Excess of Revenues Over (Under)  
Expenses, Transfers, and Advances  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$55,958)	\$161,795
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2000, Received in Cash FY 2001	71,666	0
Accrued FY 2001, Not Yet Received in Cash	(64,702)	0
Expense Accruals:		
Accrued FY 2000, Paid in Cash FY 2001	(93,915)	(226,566)
Accrued FY 2001, Not Yet Paid in Cash	101,059	185,697
Prepaid Items	(772)	0
Acquisition of Fixed Assets	(15,951)	(447)
Depreciation Expense	17,016	265
Loss on Disposal of Fixed Assets	2,633	228
Advances In	8,593	0
Advances Out	(313)	0
Encumbrances Outstanding at Year End (Budget Basis)	(10,519)	(400)
Budget Basis	(\$41,163)	\$120,572

**7. DEPOSITS AND INVESTMENTS**

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. DEPOSITS AND INVESTMENTS (Continued)**

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. DEPOSITS AND INVESTMENTS (Continued)**

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

At fiscal year end, the School District had \$937 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

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

At fiscal year end, the carrying amount of the School District's deposits was (\$45,730) and the bank balance was \$94,050. The entire bank balance was covered by federal depository insurance

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$382,000	\$382,000	\$382,030
STAR Ohio		1,594,070	1,594,070
Totals		\$1,976,070	\$1,976,100

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. DEPOSITS AND INVESTMENTS (Continued)**

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$1,931,277	\$0
Cash on Hand	(937)	0
Investments:		
Repurchase Agreements	(382,000)	382,000
STAR Ohio	(1,594,070)	1,594,070
GASB Statement No. 3	(\$45,730)	\$1,976,070

**8. INVESTMENT POOL**

In prior years, the School District served as fiscal agent for a separate legal entity in which the School District pooled the monies of this entity with the School District's monies for investment purposes. Beginning with fiscal year 2001, the School District no longer pools these monies or makes investments for the separate legal entity. As a result, all monies associated with the investment pool were distributed to participants.

**9. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes received in calendar year 2001 are levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**9. PROPERTY TAXES (Continued)**

Public utility real and tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is recognized as revenue at year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$903,826 in the General Fund. The amount available as an advance at June 30, 2000, was \$855,881 in the General Fund.

Accrued property taxes receivable also includes amounts for any late settlements made by the Counties. For fiscal year 2001 and 2000, these amounts equaled \$43,318 and \$16,242 in the General Fund.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,028,538,370	79.78 %	\$1,061,707,500	79.83 %
Public Utility	101,834,810	7.90	103,950,760	7.82
Tangible Personal	158,896,525	12.32	164,339,840	12.35
Total Assessed Value	<u>\$1,289,269,705</u>	<u>100.00 %</u>	<u>\$1,329,998,100</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$4.40		\$4.40	

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**10. RECEIVABLES**

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, and notes receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Accounts receivable at June 30 were \$13,651. Notes receivable, representing loans made to students for higher education, were \$1,896.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Rent	\$203
Marion Technical College	4,464
TRECA	8,411
Miscellaneous	1,656
Total General Fund	14,734
Special Revenue Funds	
Career Development	9,482
Quality Enhancement	3,000
Small Business Workforce	11,714
VEPD	49,638
Total Special Revenue Funds	73,834
Enterprise Funds	
Food Service	3,087
Rotary	6,213
Adult Education	43,522
Total Enterprise Funds	52,822
Total Intergovernmental Receivables	\$141,390

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**11. FIXED ASSETS**

A summary of the proprietary funds' fixed assets at June 30, 2001, follows:

	Enterprise				Internal Service
	Food Service	Rotary	Adult Education	Total	Self Insurance
Furniture, Fixtures, and Equipment	\$52,904	\$54,142	\$144,980	\$252,026	\$3,351
Less Accumulated Depreciation	(42,401)	(28,808)	(91,090)	(162,299)	(1,130)
Net Fixed Assets	<u>\$10,503</u>	<u>\$25,334</u>	<u>\$53,890</u>	<u>\$89,727</u>	<u>\$2,221</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Land, Buildings, and Improvements	\$8,014,850	\$2,046,633	\$0	\$10,061,483
Furniture, Fixtures, and Equipment	2,443,623	277,044	(154,520)	2,566,147
Vehicles	0	5,500	0	5,500
Construction in Progress	699,902	0	(699,902)	0
Total Fixed Assets	11,158,375	2,329,177	(854,422)	12,633,130
Less Accumulated Depreciation	(5,967,230)	(385,953)	177,424	(6,175,759)
Net Fixed Assets	<u>\$5,191,145</u>	<u>\$1,943,224</u>	<u>(\$676,998)</u>	<u>\$6,457,371</u>



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**12. INTERFUND ASSETS/LIABILITIES**

At June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivable		Payable	
	Interfund	Advances to	Interfund	Advances from
General Fund	\$70,713	\$46,021	\$0	\$0
Special Revenue Funds				
Career Development	0	0	9,482	0
Quality Enhancement	0	0	3,000	0
VEPD	0	0	49,638	0
Total Special Revenue	0	0	62,120	0
Enterprise Fund				
Food Service	0	0	8,593	18,849
Rotary	0	0	0	27,172
Total Enterprise Funds	0	0	8,593	46,021
Total All Funds	<u>\$70,713</u>	<u>\$46,021</u>	<u>\$70,713</u>	<u>\$46,021</u>

**13. 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 2001, the School District contracted for the following insurance coverage.

Coverage provided by Indiana Insurance Company:

Building and Contents - replacement cost (\$1,000 deductible)	\$26,759,079
Equipment Coverage (\$100 deductible)	108,836
Electronic Data Equipment (\$1,000 deductible)	1,135,735
Garage Keeper Coverage	100,000

Coverage provided by Nationwide Insurance Company:

General Liability	
Per Occurrence	2,000,000
Total per Year	5,000,000

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**13. RISK MANAGEMENT (Continued)**

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

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District offers medical, prescription drug, dental, and vision insurance to all employees through a self-insured program. All funds of the School District participated in the program and made payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The School District purchased stop loss insurance for claims in excess of \$30,000 per individual and \$1,639,989 total aggregate annually. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2001, are estimated by the third party administrator at \$185,281.

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

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2001	\$226,016	\$1,289,338	\$1,330,073	\$185,281
2000	132,394	1,395,538	1,301,916	226,016

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**14. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$432,155, \$271,781, and \$268,440, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$70,387, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$61,444, \$171,089, and \$182,141, respectively; 100 percent has been contributed for all three fiscal years.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**14. 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, 2001, ten members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**15. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$204,705.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$149,295 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**16. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Insurance Benefits**

The School District provides medical, prescription drug, dental, and vision insurance to all employees through a self-insured program. Life insurance and accidental death and dismemberment insurance are provided to most employees through Union Central.

**17. CAPITALIZED LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments are reflected as debt service expenditures on the combined financial statements for governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$1,492,999. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 were \$365,385 in the governmental funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**17. CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	GLTOAG
2002	\$262,441
2003	262,440
2004	262,440
2005	262,440
Total	1,049,761
Less Amount Representing Interest	(112,201)
Present Value of Net Minimum Lease Payments	<u>\$937,560</u>

**18. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
School Facilities				
Loan   FY 1999   0.00%	\$396,373	\$0	\$44,042	\$352,331
General Obligation				
Bonds   FY 1995   4.55% to 5.80%	360,000	0	65,000	295,000
General Obligation				
Bonds   FY 2000   5.60%	440,000	0	44,000	396,000
Total Long-Term Obligations	1,196,373	0	153,042	1,043,331
Compensated Absences Payable	183,663	54,445	0	238,108
Intergovernmental Payable	2,161	4,949	2,161	4,949
Capital Leases Payable	102,945	1,200,000	365,385	937,560
Total General Long-Term Obligations	<u>\$1,485,142</u>	<u>\$1,259,394</u>	<u>\$520,588</u>	<u>\$2,223,948</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**18. LONG-TERM OBLIGATIONS (Continued)**

**School Facilities Loan** - In fiscal year 1999, the School District obtained an interest free loan from the State Department of Education, in the amount of \$440,415, for building construction. The loan was obtained under the authority of Ohio Revised Code Sections 3317.21 and 3317.22 for a fifteen year period, with final maturity during fiscal year 2014. The loan is being retired through the debt service fund.

**FY 1995 General Obligation Bonds** - In fiscal year 1995, the School District issued \$630,000 in unvoted general obligation bonds for providing energy conservation measures for the School District. The bonds were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a ten year period, with final maturity during fiscal year 2005. The bonds are being retired through the debt service fund.

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

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

The School District's overall debt margin was \$119,347,628 with an unvoted debt margin of \$977,797 at June 30, 2001.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001, were as follows:

Fiscal Year	Principal	Interest	Total
2002	\$158,042	\$37,734	\$195,776
2003	158,042	31,350	189,392
2004	163,042	24,932	187,974
2005	168,042	18,192	186,234
2006	88,042	11,088	99,130
2007 - 2010	308,121	19,712	327,833
	<u>\$1,043,331</u>	<u>\$143,008</u>	<u>\$1,186,339</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**19. SET ASIDE REQUIREMENTS**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2000	(\$181,129)	\$0	\$131,199
Current Year Set Aside Requirement	234,994	234,994	0
Legislative Reduction	0	0	(131,199)
Qualifying Expenditures	(53,865)	(234,994)	0
Reserve Balance June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**20. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, rotary, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Tri-Rivers Joint Vocational School District as of and for the fiscal year ended June 30, 2001.

Description	Food Service	Uniform School Supply	Rotary	Adult Education	Totals
Operating Revenues	\$116,237	\$84,230	\$243,946	\$473,871	\$918,284
Depreciation Expense	1,359	0	5,046	10,611	17,016
Operating Loss	(54,019)	(6,528)	(16,880)	(322,185)	(399,612)

(continued)



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**20. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

Description	Food Service	Uniform School Supply	Rotary	Adult Education	Totals
Federal Donated Commodities	\$3,957	\$0	\$0	\$0	\$3,957
Operating Grants	33,059	0	12,645	174,706	220,410
Operating Transfers In	0	0	0	121,802	121,802
Net Loss	(16,885)	(6,528)	(4,611)	(27,934)	(55,958)
Fixed Asset Additions	2,292	0	1,106	12,553	15,951
Fixed Asset Reductions	0	0	555	3,523	4,078
Net Working Capital	(19,512)	46,823	43,133	18,634	89,078
Total Assets	20,891	46,823	87,782	119,868	275,364
Total Equity (Deficit)	(27,858)	46,823	41,295	59,016	119,276
Encumbrances Outstanding at Year End (Budget Basis)	0	660	2,621	7,238	10,519

**21. JOINTLY GOVERNED ORGANIZATION**

**Tri-Rivers Educational Computer Association**

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 Delaware, Knox, Marion, Morrow, Muskingum, 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. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**22. INSURANCE POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**22. INSURANCE POOL (continued)**

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

**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, 2001.

**B. Litigation**

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

**24. STATE SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution was not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of December 12, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Supreme Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>Federal Grantor</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$3,862	\$0	\$4,314
National School Lunch Program	117903 LL P1/P4 00/01	10.555	27,001	0	27,001	0
Child and Adult Care Food Program	117903 16/21-CN 00/01	10.558	15,491	0	15,491	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>42,492</u>	<u>3,862</u>	<u>42,492</u>	<u>4,314</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Student Financial Assistance Cluster:</i>						
Federal Pell Grant Program	N/A	84.063	54,241	0	54,241	0
Federal Family Education Loans	N/A	84.032	49,827	0	49,827	0
Total Student Financial Assistance Cluster			104,068	0	104,068	0
<i>Passed Through Ohio Department of Education:</i>						
Vocational Education_Basic Grants to States	065268 20-C1/C2 00/01	84.048	277,272	0	280,118	0
Eisenhower Professional Development State Grant	065268 MS-S1 2001	84.281	1,906	0	1,906	0
Innovative Education Program Strategies	065268 C2 S2-2001	84.298	3,973	0	3,973	0
Goals 2000_State and Local Education Systemic Improvement Grants	065268 G2S6 00/01	84.276	12,000	0	14,877	0
<i>Passed Through Pioneer Joint Vocational School:</i>						
Vocational Education_Basic Grants to States	065268 20-C1/C2 00/01	84.048	44,212	0	44,212	0
Total U.S. Department of Education			<u>443,431</u>	<u>0</u>	<u>449,154</u>	<u>0</u>
<b>Totals</b>			<u><b>\$485,923</b></u>	<u><b>\$3,862</b></u>	<u><b>\$491,646</b></u>	<u><b>\$4,314</b></u>

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

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the financial statements of Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 20, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-10651-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weakness. However, we believe the reportable condition described above is a material weaknesses. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2001.

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

**JIM PETRO**  
Auditor of State

December 20, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Tri-Rivers Joint Vocational School District, Marion County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 20, 2001.

### **Internal Control Over Compliance**

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

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

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

**JIM PETRO**  
Auditor of State

December 20, 2001



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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 84.063 & 84.032 Student Financial Assistance Cluster CFDA # 10.555, 10.550, & 10.558 Nutrition Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001  
(Continued)**

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

<b>Finding Number</b>	2001-10651-001
-----------------------	----------------

**Self Insurance**

The Tri-Rivers Joint Vocational School District has delegated employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. The District has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that health insurance claims have been completely and accurately processed in accordance with the health insurance contract.

We recommend that the District implement procedures to reasonably assure the completeness and accuracy, including eligibility and allowability, of health insurance claims processed by its third-party administrator. These procedures might include reviews of transactions approved by the third-party administrator, or obtaining an independent accountants' report on controls the third-party administrator uses. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of claims processing controls which should satisfy this requirement. As described in that Statement, we recommend that the District implement internal review procedures or obtain a Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness from the third party administrator. Such a report, if unqualified, would provide evidence to the District's management that health insurance claims are being processed in conformance with the contract.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
JANUARY 31, 2002**