



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ASHTABULA JOINT VOCATIONAL SCHOOL
ASHTABULA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula Joint Vocational School District
Ashtabula County
1565 State Route 167
Jefferson, Ohio 44047

To the Board of Education

We have audited the accompanying general-purpose financial statements of Ashtabula Joint Vocational School District, Ashtabula County, (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 Ashtabula County Joint Vocational School District, Ashtabula County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2002 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 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

April 15, 2002

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

	Governmental Fund Types			Proprietary Fund	Fiduciary Fund Types	Account Groups		Totals 2001
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long Term Debt	(Memorandum) (Only)
Assets and Other Debits:								
Equity in Pooled Cash and Cash Equivalents	\$ 2,549,898	171,642	1,458,676	335,323	28,337	0	0	\$ 4,543,876
Restricted Assets: Equity in Pooled Cash and Cash Equivalents	201,527	0	0	0	0	0	0	201,527
Taxes Receivable	3,398,345	0	300,706	0	0	0	0	3,699,051
Interfund Receivable	140,324	0	0	0	0	0	0	140,324
Intergovernmental Receivable	17,578	67,298	0	38,300	0	0	0	123,176
Accounts Receivable	85,425	14,976	0	233,159	40	0	0	333,600
Supplies Inventory	18,384	0	0	1,013	0	0	0	19,397
Inventory for Resale	0	0	0	4,358	0	0	0	4,358
Property, Plant & Equipment (net where applicable)	0	0	0	66,660	0	7,993,609	0	8,060,269
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	658,860	658,860
Total Assets and Other Debits	\$ 6,411,481	253,916	1,759,382	678,813	28,377	7,993,609	658,860	\$ 17,784,438

(continued)

**Ashtabula Joint Vocational School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2001**

	Governmental Fund Types			Proprietary Fund	Fiduciary Fund Types	Account Groups		Totals 2001
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long Term Debt	(Memorandum) (Only)
	Liabilities:							
Interfund Payable	\$ 0	60,224	0	80,100	0	0	0	\$ 140,324
Intergovernmental Payable	102,391	8,166	0	11,133	0	0	5,061	126,751
Accounts Payable	33,271	9,596	689	5,327	1,258	0	0	50,141
Accrued Salaries and Benefits	650,901	47,642	0	37,624	0	0	0	736,167
Deferred Revenue	2,099,456	21,577	196,968	1,923	0	0	0	2,319,924
Due to Others	0	0	0	0	15,217	0	0	15,217
Capital Leases Payable	0	0	0	0	0	0	33,357	33,357
Compensated Absences Payable	40,659	2,396	0	26,433	0	0	620,442	689,930
Total Liabilities	2,926,678	149,601	197,657	162,540	16,475	0	658,860	4,111,811
Fund Equity and Other Credits:								
Investment in General Fixed Assets	0	0	0	0	0	7,993,609	0	7,993,609
Retained Earnings	0	0	0	516,273	0	0	0	516,273
Fund Balances:								
Reserved For Budget Stabilization	201,527	0	0	0	0	0	0	201,527
Reserved For Inventory	18,384	0	0	0	0	0	0	18,384
Reserved for Encumbrances	114,089	19,213	128,651	0	0	0	0	261,953
Reserved for Future Appropriation	1,298,889	0	103,738	0	0	0	0	1,402,627
Unreserved Fund Balance	1,851,914	85,102	1,329,336	0	11,902	0	0	3,278,254
Total Fund Equity	3,484,803	104,315	1,561,725	0	11,902	0	0	5,162,745
Total Fund Balances/Retained Earnings and Other Credits	3,484,803	104,315	1,561,725	516,273	11,902	7,993,609	0	13,672,627
Total Liabilities, Fund Equity, and Other Credits	\$ 6,411,481	253,916	1,759,382	678,813	28,377	7,993,609	658,860	\$ 17,784,438

See Accompanying Notes to the General Purpose Financial Statements.

Ashtabula Joint Vocational School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Fund Type Expendable Trust	
REVENUES:					
Taxes	\$ 3,688,179	0	320,068	0	\$ 4,008,247
Tuition	27,790	67,758	0	0	95,548
Earnings on Investments	293,909	1,095	0	225	295,229
Extracurricular Activities	0	33,355	0	4,077	37,432
Miscellaneous	80,168	10,009	0	2,716	92,893
Revenue from Intermediate Sources					
Restricted Grants-in-Aid	0	40,000	0	0	40,000
Revenue for/on Behalf of District	19,519	0	0	0	19,519
Revenue from State Sources					
Unrestricted Grants-in-Aid	3,200,021	59,132	14,780	0	3,273,933
Restricted Grants-in-Aid	85,690	102,186	3,000	0	190,876
Revenue from Federal Sources					
Unrestricted Grants-in-Aid	0	31,993	0	0	31,993
Restricted Grants-in-Aid	18,795	680,197	0	0	698,992
Total Revenue	<u>7,414,071</u>	<u>1,025,725</u>	<u>337,848</u>	<u>7,018</u>	<u>8,784,662</u>
EXPENDITURES:					
Instruction					
Regular	443,812	0	0	0	443,812
Special	319,107	0	0	0	319,107
Vocational	3,427,836	470,762	0	0	3,898,598
Other Instruction	0	154,773	0	0	154,773
Supporting Services					
Pupils	274,274	72,480	0	0	346,754
Instructional Staff	427,323	86,734	0	0	514,057
Board of Education	38,480	0	0	0	38,480
Administration	486,450	130,223	0	0	616,673
Fiscal Services	257,441	18	5,905	0	263,364
Business	42,964	0	0	0	42,964
Operation & Maintenance-Plant	959,024	12,297	0	0	971,321
Pupil Transportation	7,923	0	0	0	7,923
Central Services	7,463	84,474	0	0	91,937
Food Services	0	825	0	0	825
Extracurricular Activities					
Occupation Oriented Activity	0	23,579	0	3,100	26,679
Co-Curricular Activities	0	9,388	0	4,075	13,463
Capital Outlay					
Other Facility Acquisition & Construction	0	0	279,539	0	279,539
Total Expenditures	<u>6,692,097</u>	<u>1,045,553</u>	<u>285,444</u>	<u>7,175</u>	<u>8,030,269</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	721,974	(19,828)	52,404	(157)	754,393
Other Financing Sources and Uses:					
Transfers-In	0	0	18,000	0	18,000
Other Financing Sources	18,970	0	0	0	18,970
Transfers-Out	(51,000)	0	0	0	(51,000)
Other Financing Uses	(16,679)	0	0	0	(16,679)
Pass Through Payments	0	(20,891)	0	0	(20,891)
Net Other Financing Sources and Uses	<u>(48,709)</u>	<u>(20,891)</u>	<u>18,000</u>	<u>0</u>	<u>(51,600)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditure					
Disbursement and Other Uses	673,265	(40,719)	70,404	(157)	702,793
Increase/Decrease in Inventory	(6,318)	0	0	0	(6,318)
Beginning Fund Balance	<u>2,817,856</u>	<u>145,034</u>	<u>1,491,321</u>	<u>12,059</u>	<u>4,466,270</u>
Ending Fund Balance	<u>\$ 3,484,803</u>	<u>104,315</u>	<u>1,561,725</u>	<u>11,902</u>	<u>\$ 5,162,745</u>

See Accompanying Notes to the General Purpose Financial Statements.

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,623,488	3,582,647.	(40,841)	0	0	\$ 0
Tuition	23,000	28,925	5,925	105,000	104,667	(333)
Earnings on Investment	278,000	290,324	12,324	850	1,182	332
Extracurricular Activities	0	0	0	34,709	33,182	(1,527)
Miscellaneous	41,650	43,965	2,315	13,031	10,693	(2,338)
Local Restricted Grants-in-Aid	0	0	0	40,000	40,000	0
Revenue for/on Behalf of District	13,661	13,662	1	0	0	0
State Unrestricted Grants-in-Aid	3,169,254	3,200,021	30,767	67,500	59,132	(8,368)
State Restricted Grants-in-Aid	85,690	85,690	0	102,186	102,186	0
Federal Unrestricted Grants-in-Aid	0	0	0	31,993	27,180	(4,813)
Federal Restricted Grants-in-Aid	11,435	11,435	0	714,350	650,952	(63,398)
Total Revenue	7,246,178	7,256,669	10,491	1,109,619	1,029,174	(80,445)
Expenditures:						
Regular Instruction	472,447	453,112	19,335	5,546	5,546	0
Special Instruction	336,747	317,515	19,232	0	0	0
Vocational Instruction	3,535,540	3,403,249	132,291	501,778	458,123	43,655
Other Instruction	0	0	0	175,472	159,653	15,819
Support Services-Pupils	274,421	270,605	3,816	82,427	74,491	7,936
Support Services-Instructional Staff	464,946	437,952	26,994	101,382	86,141	15,241
Support Services-Board of Education	42,871	39,418	3,453	0	0	0
Support Services-Administration	549,040	515,989	33,051	144,938	131,263	13,675
Fiscal Services	272,560	266,884	5,676	300	18	282
Support Services-Business	47,792	47,237	555	0	0	0
Operation & Maintenance-Plant	1,021,473	1,003,041	18,432	20,838	13,739	7,099
Support Services-Transportation	9,479	8,623	856	0	0	0
Support Services-Central	11,050	9,710	1,340	106,176	86,180	19,996
Food Services	0	0	0	2,327	885	1,442
Community Services	118	0	118	0	0	0
Occupation Oriented Activities	0	0	0	24,900	23,754	1,146
Co-Curricular Activities	0	0	0	16,042	8,923	7,119
Facilities Acquisition & Construction	0	0	0	0	0	0
Total Expenditures	7,038,484	6,773,335	265,149	1,182,126	1,048,716	133,410
Excess of Revenue Over (Under) Expenditures	207,694	483,334	275,640	(72,507)	(19,542)	52,965
Other Financing Sources (Uses):						
Advances-In	0	185,386	185,386	0	116,836	116,836
Transfer-In	0	0	0	0	0	0
Refund of Prior Years Exp.	18,000	18,970	970	0	0	0
Advances-Out	0	(179,936)	(179,936)	(15,000)	(120,386)	(105,386)
Transfers-Out	(99,064)	(51,000)	48,064	0	0	0
Pass Through Payment	0	0	0	(25,000)	(19,278)	5,722
Refund of Prior Years Receipts	(100)	0	100	(3,000)	0	3,000
Total Other Sources (Uses)	(81,164)	(26,580)	54,584	(43,000)	(22,828)	20,172
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	126,530	456,754	330,224	(115,507)	(42,370)	73,137
Beginning Fund Balance	2,043,495	2,043,495	-	151,588	151,588	-
Prior Year Carry Over Encumbrances	113,217	113,217	-	38,694	38,694	-
Ending Fund Balance	\$ 2,283,242	2,613,466	330,224	74,775	147,912	\$ 73,137

(Continued)

Ashtabula Joint Vocational School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Fund - Continued
Year Ended June 30, 2001

	Capital Projects Funds			Expendable Trust Funds		
	Revised	Actual	Variance	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)	Budget		Favorable (Unfavorable)
Revenues:						
Taxes	\$ 282,000	320,068	38,068	0	0	\$ 0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	500	507	7
Extracurricular Activities	0	0	0	4,300	4,077	(223)
Miscellaneous	0	0	0	3,000	2,716	(284)
Local Restricted Grants-in-Aid	0	0	0	0	0	0
Revenue for/on Behalf of District	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	27,116	14,780	(12,336)	0	0	0
State Restricted Grants-in-Aid	16,200	16,157	(43)	0	0	0
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	325,316	351,005	25,689	7,800	7,300	(500)
Expenditures:						
Regular Instruction	0	0	0	0	0	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	6,000	5,905	95	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	16,200	13,157	3,043	0	0	0
Food Services	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	10,377	3,100	7,277
Co-Curricular activities	0	0	0	9,200	4,074	5,126
Facilities Acquisition & Construction	769,117	411,938	357,179	0	0	0
Total Expenditures	791,317	431,000	360,317	19,577	7,174	12,403
Excess of Revenue Over (Under) Expenditures	(466,001)	(79,995)	386,006	(11,777)	126	11,903
Other Financing Sources (Uses):						
Advances-In	0	0	0	0	0	0
Transfer-In	18,000	18,000	0	0	0	0
Refund of Prior Years Expenses	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Pass Through Payments	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Total Other Sources (Uses)	18,000	18,000	0	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(448,001)	(61,995)	386,006	(11,777)	126	11,903
Beginning Fund Balance	1,312,467	1,312,467	-	11,777	11,777	-
Prior Year Carry Over Encumbrances	75,117	75,117	-	0	0	-
Ending Fund Balance	\$ 939,583	1,325,589	386,006	\$ 0	11,903	\$ 11,903

(Continued)

Ashtabula Joint Vocational School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Fund - Continued
Year Ended June 30, 2001

	Totals (Memorandum Only)		
	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)
Revenues:			
Taxes	\$ 3,905,488	3,902,715	\$ (2,773)
Tuition	128,000	133,592	5,592
Earnings on Investment	279,350	292,013	12,663
Extracurricular Activities	39,009	37,259	(1,750)
Miscellaneous	57,681	57,374	(307)
Local Restricted Grants-in-Aid	40,000	40,000	0
Revenue for/on Behalf of District	13,661	13,662	1
State Unrestricted Grants-in-Aid	3,263,870	3,273,933	10,063
State Restricted Grants-in-Aid	204,076	204,033	(43)
Federal Unrestricted Grants-in-Aid	31,993	27,180	(4,813)
Federal Restricted Grants-in-Aid	725,785	662,387	(63,398)
Total Revenue	8,688,913	8,644,148	(44,765)
Expenditures:			
Regular Instruction	477,993	458,658	19,335
Special Instruction	336,747	317,515	19,232
Vocational Instruction	4,037,318	3,861,372	175,946
Other Instruction	175,472	159,653	15,819
Support Services-Pupils	356,848	345,096	11,752
Support Services-Instructional Staff	566,328	524,093	42,235
Support Services-Board of Education	42,871	39,418	3,453
Support Services-Administration	693,978	647,252	46,726
Fiscal Services	278,860	272,807	6,053
Support Services-Business	47,792	47,237	555
Operation & Maintenance-Plant	1,042,311	1,016,780	25,531
Support Services-Transportation	9,479	8,623	856
Support Services-Central	133,426	109,047	24,379
Food Services	2,327	885	1,442
Community Services	118	0	118
Occupation Oriented Activities	35,277	26,854	8,423
Co-Curricular activities	25,242	12,997	12,245
Facilities Acquisition & Construction	769,117	411,938	357,179
Total Expenditures	9,031,504	8,260,225	771,279
Excess of Revenue Over (Under) Expenditures	(342,591)	383,923	726,514
Other Financing Sources (Uses):			
Advances-In	0	302,222	302,222
Transfer-In	18,000	18,000	0
Refund of Prior Years Expense	18,000	18,970	970
Advances-Out	(15,000)	(300,322)	(285,322)
Transfers-Out	(99,064)	(51,000)	48,064
Pass Through Payments	(25,000)	(19,278)	5,722
Refund of Prior Year Receipts	(3,100)	0	3,100
Total Other Sources (Uses)	(106,164)	(31,408)	74,756
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(448,755)	352,515	801,270
Beginning Fund Balance	3,519,327	3,519,327	--
Prior Year Carry Over Encumbrances	227,028	227,028	--
Ending Fund Balance	\$ 3,297,600	4,098,870	\$ 801,270

See Accompanying Notes to the General Purpose Financial Statements.

Ashtabula Joint Vocational School District
Combined Statement of Revenues, Expenses, and Changes in
Retained Earnings
All Proprietary Fund Types
Year Ended June 30, 2001

	Enterprise Funds
Operating Revenues:	
Tuition	\$ 347,136
Food Service	111,003
Classroom Materials & Fees	66,310
Miscellaneous	<u>236,021</u>
Total Operating Revenue	<u>760,470</u>
Operating Expenses:	
Personal Services - Salary	603,630
Employee Benefits	230,692
Purchased Services	49,997
Supplies and Materials	289,292
Other Expense	7,021
Depreciation	<u>7,217</u>
Total Operating Expense	<u>1,187,849</u>
Operating Income (Loss)	(427,379)
Non-Operating Revenues:	
Earnings on Investments	227
State Unrestricted Grants-In-Aid	333,138
State Restricted Grants-in-Aid	1,707
Federal Unrestricted Grants-In-Aid	28,034
Federal Restricted Grants-In-Aid	53,259
Other Non-Operating Revenue	<u>95,035</u>
Total Non-Operating Revenue	<u>511,400</u>
Net Income (Loss) Before Operating Transfers	84,021
Operating Transfers	<u>33,000</u>
Net Income (Loss)	117,021
Beginning Retained Earnings	<u>399,252</u>
Retained Earnings at End of Year	<u>\$ 516,273</u>

See Accompanying Notes to the General Purpose Financial Statements.

Ashtabula Joint Vocational School District
Combined Statement of Changes in Cash Flows
All Proprietary Fund Types
Year Ended June 30, 2001

	Enterprise Funds
Cash Flows from Operating Activities	
Operating (Loss) Income	\$ (427,379)
Adjustment to Reconcile Operating Gain (Loss) To Net Cash used in Operating Activities:	
Federal Commodities Used	3,171
Depreciation	7,217
Net (Increases) Decreases in Assets:	
Intergovernmental Receivable	0
Accounts Receivable	43,798
Inventory	(2,918)
Net Increases (Decreases) in Liabilities:	
Capital Lease	(4,383)
Due to Other Governments	5,957
Accounts Payable	3,486
Accrued Salaries and Benefits	4,034
Deferred Revenue	344
Compensated Absences	(3,726)
Net Adjustments	56,980
Net Cash Used in Operating Activities	(370,399)
Cash Flows from Investing Activities:	
Interest Earned on Investments	227
Net Cash Provided by Investing Activities	227
Cash Flows from Noncapital Financing Activities:	
Other Uses	95,035
Net Advances	(1,900)
Transfers in from Other Funds	33,000
Operating Grants from State Sources	305,675
Operating Grants from Federal Sources	70,842
Net Cash Provided by Noncapital Financing Activities	502,652
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(2,335)
Net Cash Used for Capital Financing Activities	(2,335)
Net Increase (Decrease) in Cash & Cash Equivalents	130,145
Cash and Cash Equivalents at Beginning of Year	205,178
Cash and Cash Equivalents at End of Year	\$ 335,323

See Accompanying Notes to General Purpose Financial Statements

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ashtabula Joint Vocational School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant District accounting policies are described below.

A. Reporting Entity

The District was organized in 1965 under section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Membership is comprised of Board Members from the following districts: Ashtabula Area City (2 representatives), Ashtabula County Educational Service Center (3 representatives), Conneaut Area City (1 representative), and Geneva Area City (1 representative).

The District has been supported by a 3.31 mill continuing operating levy, a .5 mill 3-year operating levy, and a .3 permanent improvement levy and by funds from the State of Ohio Joint Vocational School Foundation Program.

The District provides job training leading to employment upon graduation from high school. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the Board of Education is financially accountable.

B. Fund Accounting

The 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

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

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

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

Proprietary Fund Types

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

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Funds - These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. 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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund types are:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds (i.e., governmental funds only) because they do not affect expendable available financial resources. The account groups are:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds 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 financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations 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. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The District has elected, under GASB No. 20, to apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The modified accrual basis of accounting is followed for the Governmental Fund Types, Expendable Trust and Agency Funds.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when become both measurable and available to finance expenditures of the current period). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

The District reports deferred revenues of governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable.

D. Budget and Budgetary Accounting

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 amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated, the primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Ashtabula County Budget Commission for rate determination.

Estimated Resources - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing 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 is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate 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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the 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. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all 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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Cash Equivalents

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During the fiscal year all investments were limited to certificates of deposit and repurchase agreements.

Under existing Ohio statutes all interest earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund.

All interest earnings accrue to the General Fund, the Special Revenue Funds, Expendable Trust Fund and Enterprise Fund, per board resolution. Interest revenue credited to the General Fund during the fiscal year amounted to \$293,909. Interest income earned for all funds in fiscal year 2001 totaled \$295,456.

F. Inventories

Inventories of governmental funds are stated at cost, which approximates market, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Supplies inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed (consumption method). Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds and inventory held for resale in the governmental fund consist of donated food, purchased food, school supplies, and general supplies, and other items held for resale and are expended when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction 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 purchased fixed assets are valued at an estimated historical cost as certified by a professional appraisal company. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of 5 to 20 years of the assets.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants and federal commodities are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements:

General Fund

State Foundation Program

Special Revenue Funds

Education Management Information System

Non-Reimbursable Grants:

Special Revenue Funds

LPN Program Grant

Vocational Education - Carl D. Perkins

Title VI

Local Professional Development Grant

ABLE Grant

Title II Eisenhower

Miscellaneous State and Federal Grants

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reimbursable Grants:

General Fund

Vocational Education - Matching Funds

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Adult Education Unit Reimbursement

Grants and entitlements amounted to approximately 48% of the District's total revenue during the 2001 fiscal year.

J. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2001 the District had \$140,324 in interfund receivables/payables.

K. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16.

Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee, and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available 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 debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick Leave: Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1-1/4) days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Certified staff accumulate sick leave to a maximum of 285 days; severance pay is based upon an incremental scale up to a maximum of 70 days. Classified staff who are members of the teamsters accumulate sick leave to a maximum of 210 days; severance is paid up to a maximum of 75 days. Classified secretaries who are members of the ACJVS Secretaries Association accumulate sick leave to a maximum of 245 days; severance is paid up to a maximum of 61 days. Non-union classified staff accumulate sick leave to a maximum of 275 days; severance is paid up to a maximum of 70 days.

Vacation Pay: Classified employees earn ten (10) to twenty (20) days of vacation per year, depending upon length of service. Although each employee is encouraged to use vacation leave as earned, such leave may accumulate to a maximum of one year, upon written permission of the superintendent.

Vacation is granted based upon negotiated agreements and board policy. Classified staff receive 10 to 20 days, depending upon years of service. Teamsters and Secretaries receive an additional day of vacation for each year beyond 19 years of service. Administrative personnel earn 20 days vacation leave annually.

L. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. The District currently has no contributed capital.

M. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities for proprietary fund operations are accounted for in those funds.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. A fund balance reserve has also been established.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Estimates

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

Q. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for supplies inventory, encumbrances, future appropriations and budget stabilization. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

R. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "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 are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance 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 and Actual (Non-GAAP Basis), for all Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

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

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. BUDGETARY BASIS OF ACCOUNTING - (continued)

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ 673,265	(40,719)	70,404	\$ (157)
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue Accruals	(157,402)	3,449	13,157	282
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	(81,238)	(3,163)	(145,556)	1
Due to Other	22,129	(1,937)	0	0
Budget Basis	<u>\$ 456,754</u>	<u>(42,370)</u>	<u>(61,995)</u>	<u>\$ 126</u>

3. CASH AND INVESTMENTS

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that 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 pass book accounts.

Protection of the 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.

Monies held by the District which are not considered active are classified as interim. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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;

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. CASH AND INVESTMENTS - (continued)

2. Bonds, notes, debentures, or any other obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value; and
9. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

Deposits At fiscal year end, the carrying amount of the District's deposits was \$4,225,181 and the bank balance was \$4,770,120 of which \$4,740,000 was in Certificates of Deposit. Of the bank balance, \$230,120 was covered by Federal Depository Insurance. The remainder of the bank balance, \$4,540,000, was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. CASH AND INVESTMENTS - (continued)

Cash on Hand At fiscal year end, the District had \$454 in undeposited cash on hand which is included on the balance sheet of the District as part of the "equity in pooled cash and cash equivalents."

Investments GASB Statement No. 3 entitled *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, requires the District's investments to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the District's name.

	1	Category 2	3	Carrying Value	Market Value
Repurchase Agreement	\$ 0	\$ 0	\$ 519,768	\$ 519,768	\$ 519,768

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

A reconciliation between the classification of cash and cash equivalents on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 4,745,403	\$ 0
Investments:		
Repurchase Agreement	(519,768)	519,768
Cash on Hand	(454)	0
GASB Statement No. 3	\$ 4,225,181	\$ 519,768

4. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Ashtabula County Joint Vocational School District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

4. PROPERTY TAXES - (continued)

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year.

Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value.

Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Ashtabula County. Tax settlements are made each February and August for real property taxes and each June and October for personal property taxes.

The full tax rate for the fiscal year ended June 30, 2001, was \$4.11 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 2001 taxes were collected were as follows:

Real Property - Commercial/Industrial	\$ 203,771,930
Real Property - Residential/Agricultural	893,893,170
Real Property - Public Utilities	4,585,380
Personal Property - General	189,027,120
Personal Property - Public Utilities	161,528,090
Total Assessed Value	<u><u>\$ 1,452,805,690</u></u>

Uncollectible taxes outstanding, available to the District within 60 days after fiscal year end are recorded as receivables at June 30. The receivable is offset by a credit to deferred revenue since the receivables represent taxes recorded in advance of year for which they are intended to finance.

5. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (student fees), interest and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

5. RECEIVABLES - (continued)

A summary of the principal items of intergovernmental receivables follows:

General Fund:	
Miscellaneous	\$ 10,018
Summer School Funding	7,560
Total General Fund	17,578
Special Revenue Funds:	
LPN Grant	4,589
Title II Grant	137
Innovated Educational Program Strategies	2,347
Vocational Educational Grant	60,225
Total Special Revenue Funds	67,298
Proprietary Funds:	
Food Service	5,883
Adult Education Fund-Guaranteed Student Loan	32,417
Total Proprietary Funds-	38,300
Grand Total	\$ 123,176

6. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That 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 District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$121,698, \$120,022 and \$114,579 respectively; 78.82 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$28,788 representing the unpaid contribution for fiscal year 2001, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. DEFINED BENEFIT PENSION PLANS - (continued)

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was 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 District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$556,527, \$595,510 and \$512,809, respectively; 84.85 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$84,320 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

7. POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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 obligations 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.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost 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 is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$178,884 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the 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.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. POSTEMPLOYMENT BENEFITS - (continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. 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 for fiscal year 2001. 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 has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$99,415.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 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 receiving health care benefits.

8. INTERFUND TRANSACTIONS

At June 30, 2001, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 140,324	\$ 0
Special Revenue Funds	0	60,224
Proprietary Funds	0	80,100
	<u>\$ 140,324</u>	<u>\$ 140,324</u>

9. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement 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 District at June 30, 2001.

B. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2001.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

10. SEGMENTS INFORMATION FOR ENTERPRISE FUNDS

Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Customer Services Rotary Fund	Adult Education Fund	Total
Operating Revenues	\$ 111,003	66,310	68,427	514,730	\$ 760,470
Operating Expenses:					
Depreciation	3,593	0	306	3,318	7,217
Other	172,674	79,046	70,313	858,599	1,180,632
Total Operating Expenses	<u>176,267</u>	<u>79,046</u>	<u>70,619</u>	<u>861,917</u>	<u>1,187,849</u>
Operating Income (loss)	(65,264)	(12,736)	(2,192)	(347,187)	(427,379)
Non Operating Revenues and					
Operating Grants	32,569	7,285	0	376,284	416,138
Other Sources	227	0	73	94,962	95,262
Transfers In	33,000	0	0	0	33,000
Net Income (loss)	<u>\$ 532</u>	<u>(5,451)</u>	<u>(2,119)</u>	<u>124,059</u>	<u>\$ 117,021</u>
Net Working Capital	\$ 5,384	\$ 29,202	\$ 64,472	\$ 349,275	\$ 448,333
Total Assets	\$ 64,360	\$ 111,949	\$ 66,653	\$ 435,851	\$ 678,813
Retained Earnings	\$ 47,026	\$ 29,202	\$ 66,076	\$ 373,969	\$ 516,273

11. FIXED ASSETS

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2001:

Furniture and Equipment	\$ 164,029
Less Accumulated Depreciation	(97,369)
Net Fixed Assets	<u>\$ 66,660</u>

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. FIXED ASSETS (continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001:

	General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
Land and Improvements	\$ 329,147	0	0	\$ 329,147
Buildings	4,375,073	218,762	0	4,593,835
Furniture and Equipment	2,812,395	213,731	149,908	2,876,218
Vehicles	200,707	49,063	55,361	194,409
Total General Fixed Assets	<u>\$ 7,717,322</u>	<u>481,556</u>	<u>205,269</u>	<u>\$ 7,993,609</u>

The District had no construction in progress at June 30, 2001.

12. CAPITAL LEASES

The District is making installment payments on four copiers. This equipment has been capitalized in the general fixed assets account group. These obligations have an outstanding balance of \$33,357 at June 30, 2001. Payment for the installment purchase obligations as of June 30, 2001, and related interest:

	Principal	Interest	Payment
FY 2002	\$ 5,896	2,456	\$ 8,351
FY 2003	6,385	1,966	8,351
FY 2004	6,915	1,437	8,351
FY 2005	7,489	863	8,351
FY 2006	6,673	251	6,924
	<u>\$ 33,357</u>	<u>6,972</u>	<u>\$ 40,329</u>

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

13. RISK MANAGEMENT

The 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. The district has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General Liability insurance is maintained in the amount of \$2,000,000 of each occurrence and \$5,000,000 in the aggregate. In addition, the District maintains a \$1,000,000 umbrella liability policy.

The District maintains replacement cost insurance on buildings and contents in the amount of \$20,236,698. The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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 school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

14. JOINTLY GOVERNED ORGANIZATIONS

North East Ohio Management Information Network-(NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed 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 districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS (continued)

Ashtabula County Schools Council of Governments

The District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.

15. SCHOOL FUNDING ISSUE

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 is 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 would result in an increase in State funding for most Ohio school districts. However, as of the date of this report, 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 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 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..

16. STATUTORY RESERVES

The District is required by State statute to set aside, annually, 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization.

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

16. STATUTORY RESERVES (continued)

The following cash basis information describes the change in the year-end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute. Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts, therefore, are not presented as being carried forward to the next fiscal year.

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance at 6/30/00	\$ 42,747	\$ 0	\$ 146,181	\$ 188,928
Required Set Aside	179,510	179,510	55,346	414,366
Offset Credits	0	(334,848)	0	(334,848)
Qualifying Expenditures	(363,523)	0	0	(363,523)
Total	<u>\$ (141,266)</u>	<u>\$ (155,338)</u>	<u>\$ 201,527</u>	<u>\$ (95,077)</u>
Balance Carried Forward to FY02	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 201,527</u>	<u>\$ 201,527</u>

17. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. At June 30, 2001 there was no effect on fund balances as a result of implementing GASB 33.

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ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF EDUCATION/</u>						
<i>Direct Programs:</i>						
Student Financial Assistance Cluster: Federal Family Education Loan Program		84.032	\$175,356	-	\$175,356	-
Pell Grants		84.063	175,470	-	175,470	-
Total - U.S. Department of Education			350,826	-	350,826	-
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program		10.550	-	\$3,171	-	\$2,827
School Breakfast Program	05-PU-00	10.553	830	-	830	-
National School Lunch Program	LL-P1-00	10.555	4,957	-	4,957	-
	LL-P1-01		13,828	-	13,828	-
	LL-P4-00		844	-	844	-
	LL-P4-01		2,170	-	2,170	-
			21,799	-	21,799	-
Total U.S. Department of Agriculture - Nutrition Cluster			22,629	3,171	22,629	2,827
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>Passed Through Ashtabula County Department of Job and Family Services:</i>						
WIA Training Accounts PRC Grants to Eligible Individuals		17.255	3,217	-	3,217	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ashtabula County Department of Job and Family Services:</i>						
Summer Youth Services Program	00-1008-OP	93.558	8,010	-	8,010	-
Summer School	00-1009-OP		2,850	-	2,850	-
Fees and Tools - Workforce Development	01-1025-OPW		6,456	-	6,456	-
Post Secondary Adult Education	00-1010-OP		1,656	-	1,656	-
Total - U.S. Department of Health and Human Services			18,972	-	18,972	-

continued

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

ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
School-to-Work Grant		17.249	62	-	-	-
Adult Education- State Grant Program	AB-SL-00	84.002	-	-	7,958	-
	AB-SL-00C		-	-	2,556	-
	AB-S1-01		115,649	-	115,649	-
	AB-SL-01		16,779	-	15,324	-
SubTotal - Adult Education - State Grant			132,428	-	141,487	-
Vocational Education-Basic Grants to States	CP-11-S00	84.048	56,978	-	28,020	-
	CP-11-A00		4,769	-	921	-
	CP-11-S01		314,000	-	315,370	-
SubTotal - Vocational Education			375,747	-	344,311	-
Title II Eisenhower		84.281	1,236	-	1,236	-
Innovative Educational Program Strategies	C2-S1-99	84.298	-	-	2,737	-
	C2-S1-00		1,966	-	2,809	-
	C2-S1-01		515	-	-	-
SubTotal - Innovative Educational Program			2,481	-	5,546	-
Total U. S. Department of Education			511,954	-	492,580	-
Totals			\$907,598	\$3,171	\$888,224	\$2,827

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of 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 is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, had no significant food commodities in inventory.

NOTE C -- MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
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www.auditor.state.oh.us

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

Ashtabula Joint Vocational School District
Ashtabula County
1565 State Route 167
Jefferson, Ohio 44047

To The Board of Education:

We have audited the financial statements of Ashtabula Joint Vocational School District as of and for the year ended June 30 2001, and have issued our report thereon dated April 15, 2002. 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 Ashtabula Joint Vocational School 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 Ashtabula Joint Vocational School District in a separate letter dated April 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ashtabula Joint Vocational School 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Ashtabula County Joint Vocational School District in a separate letter dated April 15, 2002.

Ashtabula Joint Vocational School
Ashtabula County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

April 15, 2002



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

Ashtabula Joint Vocational School District
Ashtabula County
1565 State Route 167
Jefferson, Ohio 44047

To The Board of Education:

Compliance

We have audited the compliance of Ashtabula Joint Vocational School 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. Ashtabula County Joint Vocational School 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 Ashtabula County Joint Vocational School District's management. Our responsibility is to express an opinion on Ashtabula County Joint Vocational School 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 Ashtabula County Joint Vocational School 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 Ashtabula Joint Vocational School District's compliance with those requirements.

In our opinion, Ashtabula County Joint Vocational School 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.

Internal Control Over Compliance

The management of Ashtabula County Joint Vocational School 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 Ashtabula County Joint Vocational School 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. However, we also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the Ashtabula County Joint Vocational School District in a separate letter dated April 15, 2002.

This report is intended for the information and use of the audit committee, management, 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

April 15, 2002

**ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(i)	Type of Financial Statement opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education CFDA: 84.048; and Student Financial Assistance Cluster CFDA's: 84.032 & 84.063
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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ASHTABULA JOINT VOCATIONAL SCHOOL DISTRICT

ASHTABULA 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
MAY 9, 2002**